THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Jilin Province Chuncheng Heating Company Limited***, you should at once hand this circular and the form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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Jilin Province Chuncheng Heating Company Limited*

吉林省春城熱力股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock code: 1853)

(1) CONTINUING CONNECTED TRANSACTIONS; AND (2) NOTICE OF THE FIRST EGM OF 2026

Independent Financial Adviser

Giraffe 智富

Capitalised terms used in this cover have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 7 to 33 of this circular. A letter from the Independent Board Committee is set out on pages 34 to 35 of this circular.

A letter from Giraffe Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 36 to 82 of this circular.

A notice dated 13 November 2026 convening the EGM to be held at 9 a.m. on Friday, 4 December 2026 at Conference Room 711, Chuncheng Heating, No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, the PRC is set out on pages EGM-1 to EGM-3 of this circular.

The proxy form for the EGM has been posted to you (if requested) on 13 November 2026. Whether or not you are able to attend the EGM in person, you are requested to complete and return the applicable proxy form in accordance with the instructions printed thereon. In case of H Shareholders, the proxy form must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible; in case of Domestic Shareholders, the proxy form must be lodged with the head office of the Company in the PRC at No. 28, Block B, Nanhu Road Community, No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, the PRC as soon as possible; but in any event, not less than 24 hours before the time scheduled for holding the relevant meeting (or any adjournment thereof). Completion and delivery of the proxy form will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof if you so desire.

* *For identification purposes only*

13 November 2026

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In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

"2024–2026 Construction Framework Agreement"	the construction framework agreement dated 11 October 2023 and entered into between the Company (for itself and on behalf of its subsidiaries) and Changre Group (for itself and on behalf of its subsidiaries other than the Group), whereby the Group agrees to provide construction, maintenance and design services to the Controlling Shareholder Group
"2024–2026 Heat Procurement Framework Agreement (Changre Group)"	the heat procurement framework agreement dated 11 October 2023 and entered into between the Company (for itself and on behalf of its subsidiaries) and Changre Group (for itself and on behalf of its subsidiaries other than the Group) in relation to the procurement of heat by the Group from the Controlling Shareholder Group
"2024–2026 Heat Procurement Framework Agreement (Datang JV)"	the heat procurement framework agreement dated 11 October 2023 and entered into between the Company (for itself and on behalf of its subsidiaries) and Datang JV, in relation to the procurement of heat by the Group from Datang JV
"2024–2026 Pipes Supply Framework Agreement"	the pipes supply framework agreement dated 11 October 2023 and entered into between the Company (for itself and on behalf of its subsidiaries) and New Model Pipes (for itself and on behalf of its subsidiaries), whereby New Model Pipes Group agrees to supply pipes for heating supply to the Group
"2027–2029 Construction Framework Agreement"	the construction framework agreement dated 16 October 2026 and entered into between the Company (for itself and on behalf of its subsidiaries) and Changre Group (for itself and on behalf of its subsidiaries other than the Group), whereby the Group agrees to provide construction, maintenance and design services to the Controlling Shareholder Group
"2027–2029 Heat Procurement Framework Agreement (Changre Group)"	the heat procurement framework agreement dated 16 October 2026 and entered into between the Company (for itself and on behalf of its subsidiaries) and Changre Group (for itself and on behalf of its subsidiaries other than the Group) in relation to the procurement of heat by the Group from the Controlling Shareholder Group

"2027–2029 Heat Procurement Framework Agreement (Datang JV)"	the heat procurement framework agreement 16 October 2026 and entered into between the Company (for itself and on behalf of its subsidiaries) and Datang JV, in relation to the procurement of heat by the Group from Datang JV
"2027–2029 Pipes Supply Framework Agreement"	the pipes supply framework agreement dated 16 October 2026 and entered into between the Company (for itself and on behalf of its subsidiaries) and New Model Pipes (for itself and on behalf of its subsidiaries), whereby New Model Pipes Group agrees to supply pipes for heating supply to the Group
"2027–2029 Tenancy Framework Agreement"	the tenancy framework agreement dated 16 October 2026 and entered into between the Company and Changre Group in relation to the Tenancy Arrangements
"Articles of Association"	the articles of association of the Company
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"CAGR"	compound annual growth rate
"Changre Group"	Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司), the controlling Shareholder of the Company
"Company"	Jilin Province Chuncheng Heating Company Limited* (吉林省春城熱力股份有限公司), presently a joint stock company with limited liability which was incorporated in the PRC on 23 October 2017 and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder Group"	Changre Group and its subsidiaries (other than the Group)
"controlling shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Datang JV"	Datang Changre Jilin Heating Company Limited* (大唐長熱吉林熱力有限公司), a joint venture company established in the PRC on 23 March 2017 and is owned by Changre Group and Datang Jilin Power Generation Co., Ltd.* (大唐吉林發電有限公司) as to 35% and 65%, respectively. It is an associate of Changre Group and a connected person of the Company

"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	domestic Share(s), which are subscribed for in RMB and held by PRC nationals or PRC incorporated entities, and are not listed or traded on any stock exchange
"EGM"	the first extraordinary general meeting of 2026 or any adjournment thereof of the Company to be convened on Friday, 4 December 2026 to consider and if appropriate, to approve, among other things, each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder
"FY2024"	the financial year ended 31 December 2024
"FY2025"	the financial year ended 31 December 2025
"FY2026"	the financial year ending 31 December 2026
"FY2027"	the financial year ending 31 December 2027
"FY2028"	the financial year ending 31 December 2028
"FY2029"	the financial year ending 31 December 2029
"GJ"	gigajoule, a unit of energy
"Group"	the Company and its subsidiaries from time to time
"H Share(s)"	overseas listed foreign Share(s), which are subscribed for and traded in HK$ and listed on the Main Board of the Hong Kong Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Shareholder(s)"	holder(s) of H Share(s)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Independent Board Committee"	an independent committee of the Board, comprising all the independent non-executive Directors, namely Ms. Zhang Yan, Ms. Du Jie and Mr. Chan Sing Fai, and formed to advise the Independent Shareholders in relation to each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder
"Independent Financial Adviser"	Giraffe Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder
"Independent Shareholder(s)"	Shareholder(s) who are not required under the Listing Rules to abstain from voting on the resolutions for approving each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder at the EGM
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons
"Latest Practicable Date"	9 November 2026, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
"MW"	megawatt, a unit of power
"New Model Pipes"	Jilin Province New Model Pipes Co., Ltd.* (吉林省新型管業有限責任公司), a company established in the PRC on 27 July 2017 and is owned by Changre Group as to 35%, Changchun Yude Pipes Co., Ltd.* (長春禹德管業有限公司) as to 33%, Jilin Province Xinda Investment Co., Ltd.* (吉林省新達投資有限公司) as to 24.5% and Langfang Huayu Tianchuang Energy Equipment Co., Ltd.* (廊坊華宇天創能源設備有限公司) as to 7.5%. It is an associate of Changre Group and a connected person of the Company
"New Model Pipes Group"	New Model Pipes and its subsidiaries

"No. 2 Cogeneration Plant"	Datang Changchun No. 2 Thermoelectricity Limited* (大唐長春第二熱電有限責任公司), Changchun Thermoelectricity Development Company* (長春熱電發展有限公司) (deregistered), Datang Jilin Power Generation Co., Ltd. Heating Branch* (大唐吉林發電有限公司熱力分公司), subsidiaries and branch of their holding company Datang Jilin Power Generation Co., Ltd.* (大唐吉林發電有限公司), which are Independent Third Parties and primarily engaged in power generation and heating generation businesses, and where the context requires, the cogeneration plant operated, individually or collectively by the above
"Non-exempt CCT Agreements"	collectively, the 2027–2029 Heat Procurement Framework Agreement (Changre Group), the 2027–2029 Heat Procurement Framework Agreement (Datang JV), the 2027–2029 Construction Framework Agreement and the 2027–2029 Pipes Supply Framework Agreement
"Non-exempt Continuing Connected Transactions"	collectively, the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group), the 2027–2029 Heat Procurement Framework Agreement (Datang JV), the 2027–2029 Construction Framework Agreement and the 2027–2029 Pipes Supply Framework Agreement
"PRC"	the People's Republic of China, excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"RMB"	Renminbi yuan, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"state-prescribed price"	the price set by the PRC Government or the Jilin Provincial People's Government for a particular service, product or material

"state-recommended price"	the price recommended by the PRC Government or the Jilin Provincial People's Government for a particular service, product or material
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Xixing Energy"	Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司), a wholly-owned subsidiary of the Company
"m^2"	square metres
"%"	per cent.

* *For identification purposes only*

Jilin Province Chuncheng Heating Company Limited*
吉林省春城熱力股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock code: 1853)

Executive Director:
Mr. Zhang Liming

Non-executive Directors:
Mr. Song Chi (*Chairman*)
Mr. Yang Zhongshi
Mr. Shi Mingjun

Independent non-executive Directors:
Ms. Zhang Yan
Ms. Du Jie
Mr. Chan Sing Fai

Employee Director:
Mr. Qiu Jianhua

Registered office in the PRC:
No. 28, Block B Nanhu Road Community
No. 998 Nanhu Road, Nanguan District
Changchun City, Jilin Province, the PRC

Head office/Principal place of business in the PRC:
No. 28, Block B Nanhu Road Community
No. 998 Nanhu Road, Nanguan District
Changchun City, Jilin Province, the PRC

Principal place of business in Hong Kong:
46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

13 November 2026

To the Shareholders

Dear Sir or Madam,

(1) CONTINUING CONNECTED TRANSACTIONS; AND (2) NOTICE OF THE FIRST EGM OF 2026

I. INTRODUCTION

Reference is made to the announcement of the Company dated 16 October 2026 in relation to, among others, the Non-exempt Continuing Connected Transactions.

* *For identification purposes only*

The purpose of this circular is to provide you with, among other things, (i) further details of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder; (iv) further information required to be disclosed under the Listing Rules; and (v) notice of the EGM.

II. THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

A. The 2027–2029 Heat Procurement Framework Agreement (Changre Group)

1. *Principal Terms*

Date:	16 October 2026
Parties:	(a) the Company (for itself and on behalf of its subsidiaries), as purchaser (b) Changre Group (for itself and on behalf of its subsidiaries other than the Group), as supplier
Subject matter:	The Controlling Shareholder Group shall supply heat to the Group in accordance with the requirements prescribed by the Group. The Controlling Shareholder Group will enter into separate contracts with the Group in respect of the Group's orders for heat.
Term:	From 1 January 2027 to 31 December 2029 (both days inclusive)
Pricing terms and pricing policy:	The parties agree that the price at which the Group purchases heat from the Controlling Shareholder Group shall be determined by reference to the price charged by the Controlling Shareholder Group for the supply of heat to other Independent Third Party heat suppliers during the same period.

The price quoted by the Controlling Shareholder Group for the heat products supplied to the Group shall not exceed the state-prescribed price or state-recommended price for the relevant products stipulated by the PRC Government or the Jilin Provincial People's Government (where applicable). Where no state-prescribed price or state-recommended price applies to the relevant products, the quoted price shall not exceed the price charged by the Controlling Shareholder Group for the supply of heat to other Independent Third Party heat suppliers during the same period.

In determining the reasonableness of the heat fee to be charged by the Controlling Shareholder Group, the Group will take into account the following factors:

(a) the heat fee payable by the Controlling Shareholder Group to No. 2 Cogeneration plant of RMB40.5 per GJ, which is determined with reference to the Notice of the Jilin Provincial Development and Reform Commission on Regulating Ex-Factory Prices for Urban Centralized Heating across the Province* (《吉林省發展改革委關於規範全省城鎮集中供熱熱力出廠價格的通知》) published by Jilin Provincial Development and Reform Commission. It is noted that the state-prescribed price applicable to heat supplied by thermal power plants in Changchun City was adjusted to RMB40.5 per GJ in the 2024/25 heat supply period, taking into account the impact caused by the increase in coal price; and

(b) the operating cost to be incurred by the Controlling Shareholder Group in relation to the transmission of heat from No. 2 Cogeneration Plant to the Group, including but not limited to repair and maintenance, depreciation and amortisation, and other fuel and utility costs. According to the 2025 Annual Development Report on China's Urban Heating* (《中國城鎮供熱2025年度發展報告》) published by the China Urban Heating Association in August 2025, the core costs of urban heating enterprises in China primarily comprise fuel or heat procurement costs, depreciation and labor costs. For enterprises which procure heat for resale rather than generating heat via self-owned facilities, depreciation and labor costs are significantly lower, leaving heat procurement as the most predominant cost component, accounting for approximately 70% of total operating costs.

The transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) are conditional upon the Company obtaining the Independent Shareholders' approval of the 2027–2029 Heat Procurement Framework Agreement (Changre Group), the proposed annual caps and the transactions contemplated thereunder.

2. ***Implementation of the pricing policies by the Group***

Currently, neither the PRC Government nor the Jilin Provincial People's Government has prescribed any state-prescribed price or state-recommended price for the heat supplied by the Controlling Shareholder Group to the Group. In determining the actual heat fee payable by the Group to the Controlling Shareholder Group, the Group will make reference to the expected heat fee as stated in the feasibility report for the Relocation (as defined below) and the heat fee charged by the Controlling Shareholder Group for supplying heat to two other heating companies to ensure that the actual heat fee per GJ charged by the Controlling Shareholder Group shall not exceed the price charged by the Controlling Shareholder Group for supplying heat to other Independent Third Party heat suppliers during the same period.

3. *Historical transaction amounts and the proposed annual caps*

The table below sets out (a) the historical transaction amounts for the transactions conducted pursuant to the 2024–2026 Heat Procurement Framework Agreement (Changre Group); and (b) the proposed annual caps for the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) for the respective periods:

Actual amounts			**Proposed annual caps**		
FY2024	**FY2025**	**FY2026 (up to 30 June 2026)**	**FY2027**	**FY2028**	**FY2029**
RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
70,410	16,050	—	260,000	650,000	680,000

Note:

The heat procured by the Group from the Controlling Shareholder Group pursuant to the 2024–2026 Heat Procurement Framework Agreement (Changre Group) mainly comprises heat produced from the coal-fired boilers and the peak-shaving boilers owned by the Controlling Shareholder Group.

The amount of heat procured by the Group from the Controlling Shareholder Group pursuant to the 2024–2026 Heat Procurement Framework Agreement (Changre Group) was 1.38 million GJ, 0.2 million GJ and nil in FY2024, FY2025 and FY2026 (up to 30 June 2026), respectively.

The utilisation rate of approximately 39.0% in FY2024 was relatively low due to the nature of the transactions that the coal-fired boilers of the Controlling Shareholder Group served as peak-shaving boilers of the Group for maintaining back-up heating capacity in the heating zone during peak periods or in emergencies. Therefore, the amount of heat to be procured by the Group from the Controlling Shareholder Group depends on numerous factors including but not limited to the weather condition, the heat supply efficiency of the Group's own boilers and any emergency situations took place during the period.

Since the Group acquired certain heat production assets from the Controlling Shareholder Group in 2024 and 2025, the Group's demand for heat from the Controlling Shareholder Group reduced significantly since FY2025 with the utilisation rate decreased further to 6.7% in FY2025 and 0% in the first six months ended 30 June 2026.

4. *Reasons for the transactions and proposed annual caps*

The Group sources heat from local cogeneration plants. No. 2 Cogeneration Plant, an Independent Third Party, has been the Group's supplier of heat for over 20 years.

No. 2 Cogeneration Plant is expected to relocate (the "**Relocation**") to the suburb (the "**Relocated Plant**") in the 2027/28 heat supply period which begins in mid October 2027. The distribution pipelines connecting the Relocated Plant with the Group's existing pipeline network (the "**Connecting Distribution Pipelines**") are being constructed by the Controlling Shareholder Group and will be owned by the Controlling Shareholder Group upon completion. Upon completion of the Relocation, the heat procured by the Group from No. 2 Cogeneration Plant would first need to pass through the Connecting

Distribution Pipelines before entering the Group's existing pipeline network. Hence, in practice, the Controlling Shareholder Group would first procure heat from No. 2 Cogeneration Plant and then re-sell the heat to the Group.

After the Relocation, No. 2 Cogeneration Plant is still the nearest cogeneration plant to the Group's operations. Having considered the stable supply of heat by No. 2 Cogeneration Plant throughout the years, the Company expects to continue procuring heat generated from No. 2 Cogeneration Plant going forward. Accordingly, the Group is expected to commence procuring heat from the Controlling Shareholder Group under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) upon completion of the Relocation which is expected to begin in mid October 2027.

In arriving at the proposed annual caps, the Board considered the following factors:

(a) the historical transaction amount of heat procured by the Group from No. 2 Cogeneration Plant, i.e. approximately 8.6 million GJ (or approximately RMB339.2 million) in FY2024, approximately 8.8 million GJ (or approximately RMB358.4 million) in FY2025 and approximately 5.6 million GJ (or approximately RMB228.7 million) in FY2026 (up to 30 June 2026);

(b) taking into account the "Jilin Province Urban Heating Continuous Quality Improvement and Efficiency Enhancement Action Plan (2026–2028)" (the "**Urban Heating Continuous Quality Improvement and Efficiency Enhancement Action Plan**") which requires that the heating temperature be increased to 22°C, it is expected that the amount of heat usage will be increased by approximately 10% and the amount of heat to be procured by the Group from the Controlling Shareholder Group would also be increased by approximately 10% accordingly;

(c) the expected increase in the Group's heat supply area by approximately 5% per annum as a result of the continued expansion of the Group's business which leads to an increase in the Group's demand for heat; and

(d) the expected heat fee of RMB57.3 per GJ as stated in the feasibility report for the Relocation after taking into consideration, coal costs, long-distance transmission costs, environmental compliance costs, pipeline network losses and reasonable operating costs. The expected heat fee fully covers all costs across the heat-supply chain, and is generally in line with prevailing market prices for comparable heat sources in nearby areas with similar transmission distances.

Taking into account the aforementioned factors, the Company estimates that the expected amount of heat to be procured by the Group from the Controlling Shareholder Group of approximately 4.44 million GJ in October to December 2027 upon completion of the Relocation and approximately 11.32 million GJ and 11.88 million GJ in FY2028 and FY2029, respectively.

B. The 2027–2029 Heat Procurement Framework Agreement (Datang JV)

1. *Principal Terms*

Date:	16 October 2026
Parties:	(a) the Company (for itself and on behalf of its subsidiaries), as purchaser (b) Datang JV, as supplier
Subject matter:	Datang JV shall supply heat to the Group in accordance with the requirements prescribed by the Group. Datang JV will enter into separate contracts with the Group in respect of the Group's orders for heat.
Term:	From 1 January 2027 to 31 December 2029 (both days inclusive)
Pricing terms and pricing policy:	The parties agree that the actual heat fee payable by the Group to Datang JV shall be determined through fair negotiation between the parties as to be set out in the relevant separate contracts and on terms no less favourable than those offered to the Group by Independent Third Parties. Please refer to the paragraph headed "2. Implementation of the pricing policies by the Group" for further details.

The transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Datang JV) are conditional upon the Company obtaining the Independent Shareholders' approval of the 2027–2029 Heat Procurement Framework Agreement (Datang JV), the proposed annual caps and the transactions contemplated thereunder.

2. *Implementation of the pricing policies by the Group*

The pricing terms and pricing policies adopted by the Group for the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Datang JV) will be the same as that under the 2024–2026 Heat Procurement Framework Agreement (Datang JV), details of which are set out below.

In determining the actual heat fee per GJ payable by the Group, the parties shall make references to the relevant historical prices for heat supply and collect industry information on market price and profitability from various sources, such as state-prescribed price, state-recommended price and other similar heat service providers, and determine the heat fee based on average market profit rate or on cost-plus basis in order to ensure the fairness and reasonableness of the rate. The costs of Datang JV mainly comprise price of raw materials and auxiliary materials such as coal, water, electricity, natural gas, wages and repairs and maintenance etc.

The parties further agree that the actual heat fee per GJ charged by Datang JV shall not be higher than the state-prescribed price or state-recommended price promulgated by the PRC Government or the Jilin Provincial People's Government (where applicable). If no state-prescribed price or state-recommended price is available, the actual heat fee per GJ charged by Datang JV shall not be higher than the fair market price.

At present, there is neither state-prescribed price nor state-recommended price governing the heat supplied by Datang JV to the Group. In determining the actual heat fee per GJ charged by Datang JV, the Group will make reference to such price offered by at least 2 Independent Third Party suppliers as well as the Group's cost of heat production from coal-fired boilers (including cost of coal, water, electricity, labor and other heating materials such as calcium oxide and urea) to ensure that the price charged by Datang JV will be lower than the aforementioned comparable prices.

3. ***Historical transaction amounts and the proposed annual caps***

The table below sets out (a) the historical transaction amounts for the transactions conducted pursuant to the 2024–2026 Heat Procurement Framework Agreement (Datang JV); and (b) the proposed annual caps for the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Datang JV) for the respective periods:

Actual amounts			**Proposed annual caps**		
FY2024	**FY2025**	**FY2026 (up to 30 June 2026)**	**FY2027**	**FY2028**	**FY2029**
RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
28,920	20,570	10,628	59,000	60,000	62,000

4. ***Reasons for the transactions and proposed annual caps***

Datang JV is principally engaged in the provision of heat supply, construction, maintenance and distribution services to the automobile development zone in Changchun City and Xixing Energy, a wholly-owned subsidiary of the Company, has operations in Datang JV's heat service area. Given the convenient proximity of Datang JV, Xixing Energy has been purchasing heat from Datang JV since the 2019/20 heat supply period which commenced in October 2019.

In addition, the Group's heat supply area is expected to increase by approximately 1.00 million m^2 with effect from November 2026 (the "**New Heat Supply Area**"). The New Heat Supply Area is located in Datang JV's heat service area. In the event where the heat fee charged by Datang JV is lower than the Group's cost of heat production, it will be more beneficial and cost-efficient for the Group to procure heat from Datang JV instead.

Having considered the stable supply of heat by Datang JV, the ongoing operations of the Group and the existing pipeline network connecting Datang JV and the Group's heat supply area (i.e. Xixing Energy and the New Heat Supply Area), the Company considers that transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Datang JV) could enable the Group to procure heat at a cost-efficient manner as compared to other heat suppliers.

Taking into account the fluctuations in raw materials for heat production, such as coal prices, in arriving at the proposed annual caps for the three years ending 31 December 2029, the Board has made reference to the average unit price of RMB71 per GJ in respect of the heat supplied by Datang JV to the Group over the past three years (i.e. the unit price per GJ of RMB78, RMB75 and RMB61 for the 2023/24, 2024/25 and 2025/26 heat supply period, respectively) as well as the expected increase in the Group's demand for heat supplied by Datang JV resulting from the Group's operations of the New Heat Supply Area with effect from November 2026.

Specifically, the Company estimates that the amount of heat to be procured by the Group from Datang JV would amount to 820,000 GJ, 840,000 GJ and 860,000 GJ in FY2027, FY2028 and FY2029, respectively, among which (a) 570,000 GJ, 590,000 GJ and 610,000 GJ is expected to be attributable to the existing heat supply area in FY2027, FY2028 and FY2029, respectively; and (b) 250,000 GJ expected to be attributable to the New Heat Supply Area in each of the three years ending 31 December 2029.

The volume of heat to be procured from Datang JV is expected to increase from approximately 530,000 GJ in 2026 to approximately 570,000 GJ, 590,000 GJ and 610,000 GJ in FY2027, FY2028 and FY2029, respectively, after considering (a) the requirement of raising the indoor temperature from 18°C to 22°C as required under the Urban Heating Continuous Quality Improvement and Efficiency Enhancement Action Plan, which is expected to increase the amount of heat usage by around 10% in 2027/28 heat supply period; (b) the organic growth of heat supply area from approximately 3.45 million sq.m. in the 2020/21 heat supply period to approximately 3.84 million sq.m. in the 2025/26 heat supply period, representing a CAGR of approximately 2.2%; and (c) the corresponding increase in volume of heat procured from Datang JV from approximately 440,000 GJ in 2020 to approximately 530,000 GJ in 2026, representing a CAGR of approximately 3.2%.

C. The 2027–2029 Pipes Supply Framework Agreement

1. *Principal Terms*

Date:	16 October 2026
Parties:	(a) the Company (for itself and on behalf of its subsidiaries), as purchaser (b) New Model Pipes (for itself and on behalf of its subsidiaries), as supplier
Subject matter:	New Model Pipes Group shall supply pipes for heating supply to the Group in accordance with the requirements prescribed by the Group. The Group will enter into separate implementation contracts with New Model Pipes Group in respect of each order for pipes.
Term:	From 1 January 2027 to 31 December 2029 (both days inclusive)
Pricing terms and pricing policy:	The price charged by New Model Pipes Group in respect of pipes ordered will be determined with reference to the relevant state-prescribed price. Where there is no state-prescribed price, reference will be made to the relevant state-recommended price. Where there is neither state-prescribed price nor state-recommended price, reference will be made to the regional market price of the same or comparable types of products that are offered to the Group by independent suppliers under normal commercial terms in the ordinary course of business and such price shall be no less favourable to the Group than that offered by independent suppliers to the Group. If there is any national and/or local laws and regulations or government policies which require the parties to go through a tender process before conclusion of a contract, the parties should comply with such laws, regulations or policies and conclude such contract after completion of the tender process.

The transactions contemplated under the 2027–2029 Pipes Supply Framework Agreement are conditional upon the Company obtaining the Independent Shareholders' approval of the 2027–2029 Pipes Supply Framework Agreement, the proposed annual caps and the transactions contemplated thereunder.

2. *Implementation of the pricing policies by the Group*

The pricing terms and pricing policies adopted by the Group for the transactions contemplated under the 2027–2029 Pipes Supply Framework Agreement will largely be the same as that under the 2024–2026 Pipes Supply Framework Agreement, details of which are set out below.

Where there is neither state-prescribed price nor state-recommended price, and the Group is required to make reference to regional market price of same or comparable types of products, the Group has adopted the following management procedures to determine the fairness and reasonableness of the price and terms offered to the Group by New Model Pipes Group:

(a) *For contracts that require a tender process:*

The procurement cost will depend on the outcome of a competitive bidding process. The Group will first draft and review the relevant tender invitation documentation and ensure that the terms and conditions required for the bidders, which are set out according to the Group's requirements and the then market practice, comply with the relevant PRC laws on tenders and the internal compliance manuals of the Company. The Group's management will assess and ensure that all winning bidders comply with the terms and conditions as set out in relevant tender invitation documentation.

(b) *For contracts that do not require a tender process:*

The Group will obtain quotations from at least three independent suppliers for similar products in similar quantities to determine if the price offered by New Model Pipes Group is fair and reasonable.

At present, all of the Group's procurement of pipes contracts are required to be conducted via tender process. All tenders are to be conducted in compliance with the "Tendering and Bidding Law of the PRC*" (《中華人民共和國招標投標法》), the "Regulations for the Implementation of the Tendering and Bidding Law of the PRC*" (《中華人民共和國招標投標法實施條例》) and the "Notice of the General Office of the National Development and Reform Commission on further implementing the 'Regulations on Engineering Projects which must be conducted via Bidding' and 'Provisions on the Scope of Infrastructure and Public Utility Projects Subject to Mandatory Bidding'*" (《國家發展改革委辦公廳關於進一步做好〈必須招標的工程項目規定〉和〈必須招標的基礎設施和公用事業項目範圍規定〉

實施工作的通知》). The Company will set out the terms and conditions in the tender invitation documentation and will include a price ceiling for each bid. The price ceiling is set by the Company after taking into account the Group's historical procurement costs for the past two years, market price and prices quoted by suppliers who are Independent Third Parties.

During the tender process, each of the bidders (including New Model Pipes Group if it participates in the bidding process) will submit its tender setting out its terms and conditions for supplying pipes to the Group and will include the price of pipes intended to be charged by such bidder.

Each of the tender documents will be evaluated and assessed to choose the winning bidder. As such, the final procurement cost will depend on the outcome of a competitive bidding process and the price submitted by the bidders (including New Model Pipes Group if it has participated in the bidding process), which shall not be higher than the price ceiling set by the Company in the tender invitation documentation.

3. ***Historical transaction amounts and the proposed annual caps***

The table below sets out (a) the historical transaction amounts for the transactions conducted pursuant to the 2024–2026 Pipes Supply Framework Agreement; and (b) the proposed annual caps for the transactions contemplated under the 2027–2029 Pipes Supply Framework Agreement for the respective periods:

Actual amounts			**Proposed annual caps**		
FY2024	**FY2025**	**FY2026 (up to 30 June 2026)**	**FY2027**	**FY2028**	**FY2029**
RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
26,490	32,150	—	155,000	85,000	55,000

Note:

The Group's procurement of pipes contracts are conducted via tender process. During the six months ended 30 June 2026, the Group has not purchased any pipes from New Model Pipes Group because in the first half of 2026, the Group procured pipes from Independent Third Parties for certain projects, while certain other projects for which New Model Pipes Group is the designated supplier are expected to commence only in the second half of 2026.

4. ***Reasons for the transactions and proposed annual caps***

Pipe is one of the Group's key raw materials for its construction, maintenance and design services. Having considered the price, product quality, timely delivery and after-sales services offered by New Model Pipes Group to the Group, the Group has been purchasing pipes from New Model Pipes Group since 2017. It is expected that New Model Pipes Group will continue to participate in the Group's tender process where applicable and the Group will continue to purchase pipes from New Model Pipes Group going forward.

In 2026, pursuant to the latest national policies on ultra-long-term special treasury bond funding, support will be provided for renovation and upgrading initiatives under the "Two Major Undertakings" and "Two Renewals" programs, including projects to renovate aging pipeline networks and upgrade gas pipelines. These projects aim to eliminate safety hazards, safeguard basic livelihoods and address infrastructure shortcomings. A substantial portion of the pipeline network serving the Group's heat supply area is aging. As its service life increases, the network continues to deteriorate, giving rise to potential leakage risks. As such, the Group intends to apply for fundings to commence the aging pipeline networks renovation projects (老舊管網改造國債項目) (the "**Pipeline Renovation Projects**"). To pursue the Pipeline Renovation Projects, the Group expects there will be an increase in demand for pipes.

In arriving at the annual caps, the Board considered factors including the historical transaction amounts as well as the Group's expected increase in construction requirements and demand for pipes (including pipes for the Group's construction, maintenance and design services and for the Pipeline Renovation Projects) for the three years ending 31 December 2029.

The Group currently expects to procure pipes from New Model Pipes Group for three major Pipeline Renovation Projects in FY2027, FY2028 and FY2029, namely (i) the pipeline renovation project for primary heating network truck pipeline in central urban area (the "**Central Urban Area Project**") with estimated construction costs of approximately RMB255 million; (ii) the pipeline renovation project for Donghui Boiler Room in Nanguan District (the "**Donghui Boiler Room Project**") with estimated construction costs of approximately RMB117 million; and (iii) the pipeline renovation project for in-building heating network in urban area (the "**In-building Heating Network Project**") with estimated construction costs of approximately RMB419 million.

The amount of pipes expected to procure by the Group from New Model Pipes Group for the aforementioned three projects are as follows:

	FY2027	**FY2028**	**FY2029**
	RMB'million	*RMB'million*	*RMB'million*
Central Urban Area Project	36.5	28.1	—
Donghui Boiler Room Project	33.2	—	—
In-building Heating Network Project	82.9	54.0	53.9
Total:	152.6	82.1	53.9

D. The 2027–2029 Construction Framework Agreement

1. *Principal Terms*

Date: 16 October 2026

Parties:
(a) Changre Group (for itself and on behalf of its subsidiaries other than the Group), as customer

(b) the Company (for itself and on behalf of its subsidiaries), as service provider

Subject matter: The Group shall provide construction, maintenance and design services to the Controlling Shareholder Group in accordance with the requirements prescribed by the Controlling Shareholder Group and the Group's regulations.

The services will include:

(a) engineering construction services which include heating facility construction, pipeline installation, boiler installation, heat exchange station installation, heat facility management and construction management;

(b) engineering maintenance services such as providing renovation, repair and replacement services for heat-supply facilities; and

(c) design services such as designing and providing consultancy and technical services for construction projects of distribution networks, heat exchange stations, as well as boiler rooms.

The Group will enter into separate implementation contracts with the Controlling Shareholder Group in respect of each project.

Term: From 1 January 2027 to 31 December 2029 (both days inclusive)

Pricing terms and pricing policy:	The price charged by the Group in respect of services provided by and materials supplied by the Group to the Controlling Shareholder Group will be determined with reference to the relevant state-prescribed price. Where there is no state-prescribed price, reference will be made to the relevant state-recommended price. Where there is neither state-prescribed price nor state-recommended price, reference will be made to the regional market price of the same or comparable types of services or materials that are offered by the Group to independent customers under normal commercial terms in the ordinary course of business and such price shall be no less favourable to the Group than that offered by the Group to independent customers. If there is any national and/or local laws and regulations or government policies which require the parties to go through a tender process before conclusion of a contract, the parties should comply with such laws, regulations or policies and conclude such contract after completion of the tender process.

The transactions contemplated under the 2027–2029 Construction Framework Agreement are conditional upon the Company obtaining the Independent Shareholders' approval of the 2027–2029 Construction Framework Agreement, the proposed annual caps and the transactions contemplated thereunder.

2. ***Implementation of the pricing policies by the Group***

The pricing terms and pricing policies adopted by the Group for the transactions contemplated under the 2027–2029 Construction Framework Agreement will largely be the same as that under the 2024–2026 Construction Framework Agreement, details of which are set out below:

(a) *Construction services and maintenance services*

The Group provides its construction services and maintenance services on project basis and each project would require various types of services and raw materials.

Depending on the requirement of the individual project, the Group may be required to procure the necessary raw materials for the construction services and maintenance services as well. Hence, in addition to the service fees charged by the Group, the Group will also include the materials cost in its fee quote if the Group is required to procure the necessary raw materials.

In arriving at the final fee quote, the Group would need to aggregate the fees for each type of services and raw materials (where applicable) to be rendered under the project.

In general, the Group adopts the following pricing policies in determining the fees charged by the Group for each type of services and raw materials (where applicable):

(i) where there is a state-prescribed price, the Group must follow the state-prescribed price as required by applicable laws and regulations;

(ii) where there is no state-prescribed price but only the state-recommended price, while enterprises may choose to deviate from the state-recommended price, as part of the Group's internal policies, the Group will generally adopt the state-recommended price; and

(iii) where there is neither state-prescribed price nor state-recommended price, the Group will make reference to the regional market price of the same or comparable types of services and/or materials that are offered to independent customers by the Group under normal commercial terms in the ordinary course of business.

Service fees

In determining the service fees, priority shall be given to tendering and competitive quotation procedures, and pricing may be determined with reference to the following regulations and policies, including the "Standard for Valuation of Construction Works Based on the Bill of Quantities*" (《建設工程工程量清單計價標準》) (GB/T50500-2024), the "Measures of Jilin Province for the Administration of Construction Project Costs (Provincial Government Decree No. 222)*" (《吉林省建設工程造價管理辦法(省政府令222號)》) and the Jilin Provincial Construction Project Cost Information Website* (吉林省建設工程造價信息網) (www.jlszjw.com).

(b) *Raw materials price*

Currently, while there is no state-prescribed price for raw materials, relevant government departments will provide state-recommended prices for certain types of raw materials from time to time. At present, the "Notice on Relevant Provisions for the Valuation of Construction Projects in Changchun City for 2022*" (《關於2022年長春市建設工程計價有關規定的通知》) published by the Changchun Urban and Rural Construction Committee* (長春市城鄉建設委員會), the Development and Reform Commission of Changchun City* (長春市發展和改革委員會) and the Finance Bureau of Changchun City* (長春市財務局) in April 2023 provides state-

recommended prices for a variety of raw materials. As part of the Group's internal policies, the Group will generally adopt these state-recommended prices for raw materials when formulating the fee quote.

For raw materials where there is neither state-prescribed price nor state-recommended price, the Group will make reference to the regional market price for that type of raw materials which could be found at the raw materials price website (廣材網) (www.gldjc.com) (the "**Raw Materials Price Website**"). The Raw Materials Price Website is recognised by market players within the construction industry as a reliable online pricing information platform which contains information as to the latest regional market prices and price trends for different types of construction materials in different cities.

(c) *Design services*

In determining the service fees charged by the Group for the design services to be rendered, the Group will adopt the following pricing policies:

(i) where there is a state-prescribed price, the Group must follow the state-prescribed price as required by applicable laws and regulations;

(ii) where there is no state-prescribed price but only the state-recommended price, while enterprises may choose to deviate from the state-recommended price, as part of the Group's internal policies, the Group will generally adopt the state-recommended price; and

(iii) where there is neither state-prescribed price nor state-recommended price, the Group will make reference to the regional market price of the same or comparable types of services that are offered to independent customers by the Group under normal commercial terms in the ordinary course of business.

The China Engineering & Consulting Association* (中國勘察設計協會) (the "**CECA**") formulates and updates the state-recommended prices for design services from time to time and in accordance with the "Announcement on the Statistical Analysis of the Information on the Cost Elements of Municipal Engineering Design Services*" (《關於市政工程設計服務成本要素信息統計分析情況的通報》) promulgated by the CECA and the "Administrative Regulations on Management of the Pricing of Engineering Survey and Design*" (《工程勘察設計收費管理規定》) promulgated by the State Planning Commission of the PRC* (中華人民共和國國家計劃委員會) and the Ministry of Construction of the PRC* (中華人民共和國建設部). These state-recommended prices could be found at the website of the CECA (www.chinaeda.org.cn). As part of the Group's internal policies, the Group will in general adopt these state-recommended prices when formulating the fee quote for its design services. Based on the information currently available to the

Company (including the current applicable prevailing laws and regulations), while there is no state-prescribed price for design services, at present, there are state-recommended prices for all types of design services to be provided by the Group to the Controlling Shareholder Group.

3. *Historical transaction amounts and the proposed annual caps*

The table below sets out (a) the historical transaction amounts for the transactions conducted pursuant to the 2024–2026 Construction Framework Agreement; and (b) the proposed annual caps for the transactions contemplated under the 2027–2029 Construction Framework Agreement for the respective periods:

Actual amounts			**Proposed annual caps**		
FY2024	**FY2025**	**FY2026 (up to 30 June 2026)**	**FY2027**	**FY2028**	**FY2029**
RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
86,990	20,090	—	80,000	60,000	60,000

Note:

During the six months ended 30 June 2026, the Group has not provided services to the Controlling Shareholder Group pursuant to the 2024–2026 Construction Framework Agreement because the Group was not awarded with the relevant contracts via the tender process and certain other projects for which the Group is the designated service provider are expected to commence only in the second half of 2026.

4. *Reasons for the transactions and proposed annual caps*

The Controlling Shareholder Group requires certain construction, maintenance and design services during its course of business. Having considered the Group's competitive strengths in heat supply construction, maintenance and design services and the quality of the Group's services (including quality control and assurance services), the Controlling Shareholder Group has been procuring construction, maintenance and design services from the Group. It is expected that the Group will continue to participate in the Controlling Shareholder Group's tender process where applicable and the Group will continue to provide construction, maintenance and design services to the Controlling Shareholder Group going forward.

In arriving at the proposed annual caps, the Board considered the following factors:

(a) the historical transaction amounts, the expected construction and installation costs, design costs and material costs with reference to the latest state-prescribed prices, state-recommended prices and market prices;

(b) the schedule of potential projects which are available for the Company to participate in and to conclude contract with the Controlling Shareholder Group for each of the three years ending 31 December 2029. In particular, in addition to the regular projects such as engineering maintenance services, design

services and pipe network transformation, it is expected that the Controlling Shareholder Group will apply for fundings from the ultra-long-term special treasury bonds to renovate its aging pipeline networks during the three years ending 31 December 2029, which in turn will increase the Controlling Shareholder Group's demand for construction, maintenance and design services; and

(c) a buffer of approximately 5%–6% to cater for any possible unforeseeable circumstances such as fluctuation relating to the construction and installation costs, design costs and material costs.

The schedule of potential projects mentioned in (b) above include:

(i) ***Large-scale construction project relating to expansion of boiler room*** — the Controlling Shareholder Group's proposed improvement of the heating capacity of the Yuegong Boiler Room in Tumen City by constructing a 70MW new hot boiler room at the east side of the existing 91MW hot water boiler room (the "**Tumen Project**"). Taking into account the Group's capacity, the nature and complexity of construction work in which the Group is capable to take part in, it is expected that the Group will be able to secure certain portion of the construction work of the Tumen Project with an estimated contract value of approximately RMB50 million in FY2027;

(ii) ***Regular projects*** — regular projects which mainly include (A) modification and emergency repair of the core heating pipeline network; (B) renewal of heating pipeline networks and valves at building terminal; (C) overhaul and safety upgrades of core equipment at heating plants and boiler rooms; and (D) civil engineering and improvement works for office and production supporting facilities. The contract value of these regular projects are expected to be approximately RMB26.2 million, RMB26.4 million and RMB26.4 million in FY2027, FY2028 and FY2029, respectively; and

(iii) ***Projects utilising the fundings from the ultra-long-term special treasury bonds*** — the Controlling Shareholder Group intends to apply for fundings from the ultra-long-term special treasury bonds to renovate its primary heating network and construct boiler rooms. This project is expected to commence in FY2028 and complete in 2030. Taking into account the Group's capacity, the nature and complexity of construction work in which the Group is capable to take part in, it is expected that the Group will be able to secure certain portion of construction work with estimated contract value of approximately RMB30 million in each of the two years ending 31 December 2029.

III. INTERNAL CONTROL MEASURES ADOPTED BY THE GROUP

The Group has adopted the following internal control measures over the Non-exempt Continuing Connected Transactions:

1. the Company has adopted the Connected Transactions Management Regulations (《關連交易管理規定》) which provides that all connected transactions (including the transactions contemplated under the Non-exempt CCT Agreements) shall comply with the relevant Listing Rules' requirements and the Connected Transactions Management Regulations, including but not limited to (a) the transactions must be conducted on normal commercial terms or better and the terms are no less favourable to the Group than terms available to independent customers by the Group; (b) the transactions are carried out in accordance with the Company's pricing policies and the terms of the relevant Non-exempt CCT Agreement;

2. in respect of the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) and the 2027–2029 Heat Procurement Framework Agreement (Datang JV), the Group will closely monitor the actual unit price per GJ of heat supplied by the Controlling Shareholder Group or Datang JV (as appropriate) by adopting the procedures set out in this circular. In addition, the Group will, take into account the current operating costs of the Group's self-owned boilers and compare such operating costs with that offered by the Controlling Shareholder Group or Datang JV (as appropriate). In the event where the price offered by Independent Third Parties to the Group are more favourable to the Group than that offered by the Controlling Shareholder Group or Datang JV (as appropriate), the Group will purchase heat from such Independent Third Parties instead given the Group's primary pipeline network is also connected with the pipeline network of certain Independent Third Parties. The Directors are of the view that the aforementioned methods and procedures would enable the Company to ensure that the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) and the 2027–2029 Heat Procurement Framework Agreement (Datang JV) will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders;

3. in respect of the transactions contemplated under the 2027–2029 Construction Framework Agreement:

   (a) ***for contracts that require a tender process*** — prior to submitting the bidding documents to the Controlling Shareholder Group, the Company's tender team will review the bidding documents to ensure that (i) the tender documents are prepared in accordance with applicable laws and regulations and the Controlling Shareholder Group's requirements; (ii) the quoted prices comply with the Group's pricing policies as stated above; (iii) the transactions are carried out in accordance with the 2027–2029 Construction Framework Agreement; and (iv) the transactions are conducted on normal commercial terms or better and the service fees and materials

prices (where applicable) offered in the bidding documents is not lower than those offered or quoted to independent customers for similar services. Since every project is unique and not identical, the Group will compare the fee quote provided to the Controlling Shareholder Group with at least one recent fee quote provided to independent customers to ensure that the fee quoted in the bidding documents is not lower than those offered or quoted to independent customers for similar projects. The Company considers that comparison with only one fee quote is sufficient given most of the services and/or materials provided by the Group are subject to state-prescribed prices or state-recommended prices and that regional market price serves as a more up-to-date benchmark given the volatility in materials prices;

(b) ***for contracts that do not require a tender process*** — prior to providing the fee quotations to the Controlling Shareholder Group, the accounting department (核算部) of the relevant subsidiary will review the fee quotations to ensure that (i) the quoted prices comply with the Group's pricing policies as stated above; (ii) the transactions are carried out in accordance with the 2027–2029 Construction Framework Agreement; and (iii) the transactions are conducted on normal commercial terms or better and the service fees and materials prices (where applicable) offered to the Controlling Shareholder Group is not lower than those offered or quoted to independent customers for similar services. Since every project is unique and not identical, the Group will compare the fee quote provided to the Controlling Shareholder Group with at least one recent fee quote provided to independent customers to ensure that the fee quoted in the quotation documents is not lower than those offered or quoted to independent customers for similar projects. The Company considers that comparison with only one fee quote is sufficient given most of the services and/or materials provided by the Group are subject to state-prescribed prices or state-recommended prices and that regional market price serves as a more up-to-date benchmark given the volatility in materials prices;

4. the Company's planning and management department will closely monitor the total transaction amount to ensure that the respective proposed annual caps in respect of the each of the Non-exempt Continuing Connected Transactions will not be exceeded;

5. the Company's planning and management department shall prepare reports containing total transaction amount under each of the Non-exempt CCT Agreements on a monthly basis and submit such reports to the Company's internal control audit department on a quarterly basis;

6. based on the reports prepared by the Company's planning and management department, the Company's internal control audit department shall conduct quarterly reviews on the Company's subsidiaries to ensure that (a) the subsidiaries have complied with the Company's Connected Transactions Management Regulations; (b) the transactions contemplated under each of the Non-exempt CCT Agreements are conducted on normal

commercial terms or better and the terms are no less favourable to the Group than terms available to independent customers by the Group; and (c) the transactions are carried out in accordance with the Company's pricing policies and the terms of the relevant Non-exempt CCT Agreement. The Company's internal control audit department shall report on its findings relating to the Non-exempt Continuing Connected Transactions to the Company's management on a quarterly basis;

7. the Company's external auditors will review the Non-exempt Continuing Connected Transactions annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded; and

8. the independent non-executive Directors will review the Non-exempt Continuing Connected Transactions annually to check and confirm whether such Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such Non-exempt Continuing Connected Transactions were conducted in accordance with the pricing policies set out in such relevant agreements.

IV. INFORMATION OF THE PARTIES INVOLVED

A. The Company

The Company is a China-based company mainly engaged in heating service business. The Company operates its business through two segments, namely heat supply segment and construction, maintenance and design services segment. Heat supply segment mainly provides heat supply services within Jilin Province. Construction, maintenance and design services segment mainly provides engineering construction, engineering maintenance, design and related services. The Company mainly conducts its business in the Chinese domestic market.

B. Changre Group

Changre Group is a state-owned company established on 28 April 1998 in Changchun City, the PRC, and is wholly-owned by the State-owned Assets Supervision and Administration Commission of Changchun Municipal People's Government (長春市人民政府國有資產監督管理委員會). Changre Group and its subsidiaries are mainly engaged in property management, water supply, pipeline manufacturing, heat production and supply, sale of industrial steam and financial investments.

C. Datang JV

Datang JV is a company established in the PRC and is owned by Changre Group and Datang Jilin Power Generation Co., Ltd.* (大唐吉林發電有限公司) as to 35% and 65%, respectively. Datang Jilin Power Generation Co., Ltd.* (大唐吉林發電有限公司) is a wholly-owned subsidiary of China Datang Corporation Ltd.* (中國大唐集團有限公司), a state-owned enterprise.

Datang JV is an associate of Changre Group and is principally engaged in the provision of heat supply, construction, maintenance and distribution services to the automobile development zone in Changchun City.

D. New Model Pipes

New Model Pipes is a company established in the PRC and is owned by Changre Group as to 35%, Changchun Yude Pipes Co., Ltd.* (長春禹德管業有限公司) as to 33%, Jilin Province Xinda Investment Co., Ltd.* (吉林省新達投資有限公司) as to 24.5% and Langfang Huayu Tianchuang Energy Equipment Co., Ltd.* (廊坊華宇天創能源設備有限公司) as to 7.5%. Changchun Yude Pipes Co., Ltd.* (長春禹德管業有限公司) is a company owned by Liu Lizhi (劉立志), an Independent Third Party, as to approximately 90.9%. Jilin Province Xinda Investment Co., Ltd.* (吉林省新達投資有限公司) is a company owned as to approximately 47.7% by Jilin Ruiwen Investment Consulting Partnership (Limited Partnership) (吉林睿文投資諮詢合夥企業)(有限合夥), 29.1% by Changre Group and 23.2% by Shiwei Investment Holding Co., Ltd.* (世為投資控股有限公司). Langfang Huayu Tianchuang Energy Equipment Co., Ltd.* (廊坊華宇天創能源設備有限公司) is owned by four Independent Third Parties, namely Duan Wenyu (段文宇), Li Yunhui (李雲輝), Duan Wenhui (段文暉) and Duan Shufeng (段書峰) as to approximately 59.9%, 24.1%, 15.5% and 0.5%, respectively.

New Model Pipes is an associate of Changre Group and is principally engaged in pipeline manufacturing.

V. LISTING RULES IMPLICATIONS

Changre Group is a controlling shareholder of the Company holding approximately 69.75% of the total share capital of the Company and thus a connected person of the Company. Each of New Model Pipes and Datang JV is an associate of Changre Group and hence is a connected person of the Company. As such, each of the Non-exempt Continuing Connected Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, the transactions as contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) and the 2027–2029 Heat Procurement Framework Agreement (Datang JV) shall be aggregated because the counterparties for these two agreements are either Changre Group or its associate (i.e. Datang JV) and the nature of the transactions contemplated under these two agreements are the same. As one or more of the

applicable percentage ratios under Rule 14.07 of the Listing Rules for the transactions contemplated under each of the 2027–2029 Heat Procurement Framework Agreement (Changre Group) and the 2027–2029 Heat Procurement Framework Agreement (Datang JV), on a standalone basis, or when aggregated with each other are, on an annual basis, over 5%, the 2027–2029 Heat Procurement Framework Agreement (Changre Group) and the 2027–2029 Heat Procurement Framework Agreement (Datang JV) and the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules for the transactions contemplated under each of the 2027–2029 Pipes Supply Framework Agreement and the 2027–2029 Construction Framework Agreement are, on an annual basis, over 5%, each of the 2027–2029 Pipes Supply Framework Agreement and the 2027–2029 Construction Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

VI. THE EGM

The Company will convene the EGM at 9 a.m. on Friday, 4 December 2026 at Conference Room 711, Chuncheng Heating, No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, the PRC to consider and, if thought fit, to pass resolutions in respect of the matters set out in the notice of the EGM. A form of proxy has been dispatched (if requested) to the Shareholders in accordance with the Listing Rules on 13 November 2026. The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you intend to attend and/or vote at the EGM, you are requested to complete and return the form of proxy in accordance with the instruction printed thereon.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For H Shareholders, the form of proxy should be returned to the H Share Registrar, Computershare Hong Kong Investor Services Limited, and for Domestic Shareholders, the form of proxy should be returned to the office of the Board at the head office of the Company in the PRC in person or by post as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof.

Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

VII. VOTING BY POLL AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the EGM.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she has in the same manner.

VIII. CLOSURE OF REGISTER OF MEMBERS AND ELIGIBILITY FOR ATTENDING AND VOTING AT THE EGM

For the purpose of determining the Shareholders' rights to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 1 December 2026 to Friday, 4 December 2026 (both days inclusive), during which period no transfer of the Shares will be registered.

The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Friday, 4 December 2026. Shareholders whose names appear on the register of members of the Company on Friday, 4 December 2026 shall be entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer documents together with relevant share certificates and other appropriate documents must be lodged for registration with the head office of the Company in the PRC at No. 28, Block B, Nanhu Road Community, No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, the PRC (in the case of the Company's domestic Shareholders), or the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in the case of the Company's H Shareholders) no later than 4:30 p.m. on Monday, 30 November 2026.

IX. GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders as to each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder.

The Independent Financial Adviser, Giraffe Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder.

Shareholders who have a material interest are required to abstain from voting in respect of the resolutions in respect of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder at the EGM. As at the date of this circular, Changre Group holds 325,500,000 Domestic Shares, representing approximately 69.75% of the total share capital of the Company. Changre Group and its associates will abstain from voting on the resolutions to be proposed at the EGM in respect of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting in respect of the resolutions in respect of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder at the EGM.

X. RECOMMENDATIONS

Pursuant to the Listing Rules and the Articles of Association, Mr. Song Chi is considered having direct or indirect material interests in each of the Non-exempt CCT Agreements by virtue of Mr. Song Chi being the chairman of the board of Changre Group. Accordingly, Mr. Song Chi has abstained from voting at the relevant Board meeting to approve each of the Non-exempt CCT Agreements (including the relevant proposed annual caps) and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors attending the Board meeting has a material interest in or is required to abstain from voting on the board resolutions in relation to the Non-exempt CCT Agreements (including the relevant proposed annual caps) and the transactions contemplated thereunder.

The Directors (excluding (a) Mr. Song Chi who abstained from voting at the relevant Board meeting to approve each of the Non-exempt CCT Agreements (including the relevant proposed annual caps) and the transactions contemplated thereunder as required by the Listing Rules and the Articles of Association; and (b) the independent non-executive Directors whose view is set out in the section headed "Letter from the Independent Board Committee" in this circular) consider (i) each of the Non-exempt CCT Agreements and the transactions contemplated thereunder to be in the interests of the Group and the Shareholders as a whole, on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (ii) the terms of each of the Non-exempt CCT Agreements (including the relevant proposed annual caps) to be fair and reasonable.

Accordingly, the Directors (excluding (a) Mr. Song Chi who abstained from voting at the relevant Board meeting to approve each of the Non-exempt CCT Agreements (including the relevant proposed annual caps) and the transactions contemplated thereunder as required by the Listing Rules and the Articles of Association; and (b) the independent non-executive Directors whose view is set out in the section headed "Letter from the Independent Board Committee" in this circular) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve each of the Non-exempt CCT Agreements (including the relevant proposed annual caps) and the transactions contemplated thereunder.

XI. ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

By order of the Board
Jilin Province Chuncheng Heating Company Limited*
Song Chi
Chairman

Jilin Province Chuncheng Heating Company Limited*

吉林省春城熱力股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock code: 1853)

13 November 2026

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to its Shareholders dated 13 November 2026 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall bear the same meanings when used herein unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether, in our opinion, each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. Details of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder are set out in the letter from the Board contained in the Circular. Giraffe Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder. Details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the letter from the Independent Financial Adviser contained in the Circular.

Having considered the terms of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder and taking into account the information contained in the Circular and the advice of the Independent Financial Adviser, we are of the opinion that the transactions contemplated under each of the Non-exempt CCT Agreements are in the ordinary and usual course of business of the Group, and that each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the

* *For identification purposes only*

Independent Shareholders to vote in favour of the ordinary resolutions to be put forward at the EGM to approve each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of
the Independent Board Committee

Ms. Zhang Yan	**Ms. Du Jie**	**Mr. Chan Sing Fai**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the full text of the letter received from Giraffe Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



13 November 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") of the circular issued by the Company dated 13 November 2026 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As disclosed in the announcement of the Company dated 16 October 2026, as the current terms of the 2024–2026 Heat Procurement Framework Agreement (Changre Group), the 2024–2026 Heat Procurement Framework Agreement (Datang JV), the 2024–2026 Construction Framework Agreement, and the 2024–2026 Pipes Supply Framework Agreement will expire on 31 December 2026, on 16 October 2026, the relevant parties entered into the 2027–2029 Heat Procurement Framework Agreement (Changre Group), the 2027–2029 Heat Procurement Framework Agreement (Datang JV), the 2027–2029 Construction Framework Agreement, and the 2027–2029 Pipes Supply Framework Agreement, to, among other things, extend the respective terms of the agreements to 31 December 2029.

Changre Group is a controlling shareholder of the Company holding approximately 69.75% of the total share capital of the Company and thus a connected person of the Company. Each of New Model Pipes and Datang JV is an associate of Changre Group and hence is a connected person of the Company. As such, each of the Continuing Connected Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As disclosed in the Letter from the Board, the transactions as contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) and the 2027–2029 Heat Procurement Framework Agreement (Datang JV) shall be aggregated because the counterparties for

these two agreements are either Changre Group or its associate (i.e. Datang JV) and the nature of the transactions contemplated under these two agreements are the same. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transactions contemplated under each of the 2027–2029 Heat Procurement Framework Agreement (Changre Group) and the 2027–2029 Heat Procurement Framework Agreement (Datang JV), on a standalone basis, or when aggregated with each other are, on an annual basis, over 5%, the 2027–2029 Heat Procurement Framework Agreement (Changre Group) and the 2027–2029 Heat Procurement Framework Agreement (Datang JV) and the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules for the transactions contemplated under each of the 2027–2029 Pipes Supply Framework Agreement and the 2027–2029 Construction Framework Agreement are, on an annual basis, over 5%, each of the 2027–2029 Pipes Supply Framework Agreement and the 2027–2029 Construction Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The independent committee of the Board, comprising all the independent non-executive Directors, namely Ms. Zhang Yan, Ms. Du Jie and Mr. Chan Sing Fai, has been formed to advise the Independent Shareholders in relation to each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, we have acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in respect of (i) the 2024 Assets Transfer Agreement and the loan agreement as detailed in the circular of the Company dated 9 December 2024; and (ii) the Assets Transfer Agreements as detailed in the circular of the Company dated 25 August 2025. Notwithstanding the above engagement, as at the Latest Practicable Date, we were independent from and not connected with the Group in accordance with Rule 13.84 of the Listing Rules, and accordingly, are qualified to act as the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders considering that (i) our independent roles in the aforesaid engagement (the "**Previous Engagement**"); (ii) the aggregate professional fees paid/to be paid by the Company to us represent an insignificant portion of our revenue during the relevant period; and (iii) we have maintained our independence from the Company during the Previous Engagement, and our independence from the Company has not been compromised because of the Previous Engagement.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among others, (i) the announcement of the Company dated 16 October 2026 in relation to the Non-exempt CCT Agreements; (ii) the terms of each of the Non-exempt CCT Agreements; (iii) the annual report of the Company for FY2025 (the "**2025 Annual Report**"), the interim report of the Company for the six months ended 30 June 2026 ("**1H2026**") (the "**2026 Interim Report**"); (iv) the information and facts supplied by the Group; (v) the opinions expressed by and the representations of the Directors and management of the Group (the "**Management**"); and (vi) certain relevant public information, and have assumed that all such information and facts provided and any opinions and representations made to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the EGM.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the Group and/or its Management and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the Group and/or its Management and/or the Directors were true and accurate at the time when they are made and continue to be true up to the Latest Practicable Date. We have no reason to believe that any statements, information, opinions and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent verification and in-depth investigation into the information provided by the Company as well as the business and affairs of the Group, Changre Group, or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders. Our opinion is necessarily based on the financial, economic, market, industry-specific and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information regarding the Group. The Directors, having made all reasonable enquiries and careful consideration, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and

complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

1.1 *Business of the Group*

As disclosed in the Letter from the Board, the Company is a China-based company mainly engaged in heating service business. The Company operates its business through two segments, namely heat supply segment and construction, maintenance and design services segment. Heat supply segment mainly provides heat supply services within Jilin Province. Construction, maintenance and design services segment mainly provides engineering construction, engineering maintenance, design and related services. The Company mainly conducts its business in the Chinese domestic market.

According to the 2026 Interim Report, driven by innovation, the Group advanced the heat supply and production businesses with high quality through optimizing resource allocation, tapping into energy-saving potential and balancing development and safety, and successfully accomplished various established tasks for the first half of the year. As at 30 June 2026, the Group's heat service area was approximately 72.7 million sq.m., representing an increase of approximately 4.2% from approximately 69.8 million sq.m. as at 30 June 2025. As at 30 June 2026, the Group had 597,589 heat supply users, representing an increase of approximately 4.4% from 572,273 users as at 30 June 2025.

According to the 2026 Interim Report, the Group's construction, maintenance, design and others covers the peripheral services business of the heat supply industry chain, mainly providing services such as construction and building of heat supply facilities, engineering maintenance and project design for heat supply enterprises or end-users. These businesses are mainly concentrated in the northeast region of China.

1.2 *Financial performance of the Group*

Set out below is a summary of the Group's operating results as extracted from the 2025 Annual Report and the 2026 Interim Report:

	For the year ended 31 December		For the six months ended 30 June	
	2024	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue				
— Heat supply business	1,615,315	1,664,748	926,332	951,314
— Construction, maintenance and design services and others	190,385	40,003	8,802	6,387
	1,805,700	**1,704,751**	**935,134**	**957,701**
Gross profit	**257,155**	**224,991**	**189,665**	**212,863**
Gross profit margin	*14.2%*	*13.2%*	*20.3%*	*22.2%*
Net profit	**99,900**	**81,707**	**106,903**	**106,055**

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, the Group generated revenue from two operating segments, being (i) heat supply services and (ii) construction, maintenance and design services and others. Revenue generated from heat supply segment includes fees for provision and distribution of heat, entrance fees charged for connections to the Group's heat distribution network and heat transmission fees charged to other heat service providers. Revenue generated from construction, maintenance and design services and others includes engineering construction, engineering maintenance, design services and others.

Comparison of financial performance between the six months ended 30 June 2025 and 2026

Based on the 2026 Interim Report, the Group's revenue increased from approximately RMB935.1 million for the six months ended 30 June 2025 ("**1H2025**") to approximately RMB957.7 million in 1H2026, which was mainly due to the increase in revenue generated from the heat supply business primarily due to an increase in heat service area and the number of heat supply users.

The Group's gross profit increased from approximately RMB189.7 million in 1H2025 to approximately RMB212.9 million in 1H2026, and the gross profit margin increased from approximately 20.3% in 1H2025 to 22.2% in 1H2026, which was the combined effect of the decrease in heat procurement costs and the increase in cost of coal as a result of the acquisition of coal-fired boilers from the Controlling Shareholder Group in June 2025.

The Group's net profit remained relatively stable at approximately RMB106.9 million in 1H2025 and approximately RMB106.1 million in 1H2026.

Comparison of financial performance between the year ended 31 December 2024 and 2025

Based on the 2025 Annual Report, the Group's revenue decreased from approximately RMB1,805.7 million in FY2024 to approximately RMB1,704.8 million in FY2025 mainly attributable to the decrease in revenue generated from construction, maintenance and design services and others by approximately RMB150.4 million due to decrease in the average size of engineering construction projects undertaken during the year.

The Group's gross profit decreased from approximately RMB257.2 million in FY2024 to approximately RMB225.0 million in FY2025, and the gross profit margin decreased from approximately 14.2% in FY2024 to approximately 13.2% in FY2025, mainly attributable to (i) the increase in maintenance and repair costs due to more external maintenance projects during FY2025, and (ii) the increase in costs of coal consumed mainly due to higher coal consumption as a result of the acquisition of coal-fired boilers from the Controlling Shareholder Group in FY2025.

The Group's net profit decreased from approximately RMB99.9 million in FY2024 to approximately RMB81.7 million in FY2025 mainly due to (i) the decrease in the gross profit as mentioned above, (ii) the increase in interest expenses which is in line with the increase in long-term borrowings, and (iii) the increase in credit impairment loss on trade receivables mainly due to the longer average age of trade receivables.

1.3 ***Business outlook***

According to the National Bureau of Statistics of China (the "**NBS**") and the Statistic Bureau of Jilin* (吉林省統計局), the urbanization rates of the PRC and Jilin Province increased from approximately 56.1% and 55.3% in 2015 to approximately 67.9% and 66.8% in 2025, respectively. The number of urban residents of Jilin Province reached approximately 15.4 million in 2025. The rising urbanization rates in the PRC and Jilin Province lead to increasing demand for heating service and related urban municipal infrastructure, which is the fundamental driver of the development of heat supply and related construction, maintenance and design industry.

Pursuant to the National 14th Five-Year Plan for Urban Infrastructure Construction* (《「十四五」全國城市基礎設施建設規劃》) published in 2022 by National Development and Reform Commission* (國家發展和改革委員會) and Ministry of Housing and Urban-Rural Development* (住房和城鄉建設部), and the Urban Renewal 15th Five-Year Plan (《城市更新「十五五」規劃》) published in 2026 by the State Council of the PRC, the PRC government continues to enhance central heating capacity, municipal infrastructure, and service coverage while actively reducing heat loss across pipeline networks. The national framework prioritizes the transformation of clean heat sources, pipe network upgrades, and the development of renewable and low-carbon energy. Further, the government aims to upgrade approximately 120,000 km of urban heating pipelines nationwide as part of its underground infrastructure modernization. These ongoing national initiatives continue to drive strong demand for high-quality heating infrastructure and support the growth of the heat supply sector. According to the China Statistical Yearbook compiled by NBS, the length of heating pipelines construction and area of centralised heating of Jilin Province of the PRC has increased from approximately 17,309 k.m. to 40,586 k.m. and from approximately 450 million sq.m. to 709 million sq.m., respectively, from 2014 to 2024.

According to the 14th Five-Year Plan for National Economic and Social Development of Changchun City and the Outline of Vision 2035* (《長春市國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要) issued in 2021 by the government of Changchun, the municipal government proposed to construct city heating network, promote the application of "Internet+" in the heating industry and realize smart heating through integration. Moreover, it is proposed to carry out key projects such as reconstruction and expansion of regional boiler rooms and natural gas distributive heating, facilitating the speeding up of heating pipelines construction and improving the municipal heating infrastructure. With the development of national efforts on developing heating from clean energy sources and the goal of "carbon peaking and carbon neutrality", the PRC government emphasized on accelerating the clean reform of coal-fired heating facilities, promoting the use of renewable energy for heating, eliminating the burning of bulk coal and speeding up the renovation of old heating pipelines.

In March 2022, the Ministry of Housing and Urban-Rural Development* (住房和城鄉建設部) published the notice of the "14th Five-Year Plan for Building Energy Conservation and Green Building Development" (《「十四五」建築節能與綠色建築發展規劃》), aiming to complete the energy efficiency retrofit of more than 100 million sq.m. in existing residential buildings nationwide by 2025. The release of a series of policies implies the future development of the heating industry will focus on promoting the provision of heat from clean energy sources, improving the efficiency of heating energy use, and accelerating the construction and renovation of heating pipelines. As disclosed in the 2025 Annual Report, the Group will uphold its original intention while deepening reform to adapt to industry trend in the future to advance its development in clean energy heating business. By actively improving its layout in heat supply industry, the Group is committed to making further contribution to the industrial development.

2. Information of the parties involved

As disclosed in the Letter from the Board, Changre Group is a state-owned company established on 28 April 1998 in Changchun City, the PRC, and is wholly-owned by the State-owned Assets Supervision and Administration Commission of Changchun Municipal People's Government (長春市人民政府國有資產監督管理委員會). Changre Group and its subsidiaries are mainly engaged in property management, water supply, pipeline manufacturing, heat production and supply, sale of industrial steam and financial investments. Changre Group is a controlling shareholder of the Company holding approximately 69.75% of the total share capital of the Company.

Datang JV is a company established in the PRC and is owned by Changre Group and Datang Jilin Power Generation Co., Ltd.* (大唐吉林發電有限公司) as to 35% and 65%, respectively. Datang Jilin Power Generation Co., Ltd.* (大唐吉林發電有限公司) is a wholly-owned subsidiary of China Datang Corporation Ltd.* (中國大唐集團有限公司), a state-owned enterprise. Datang JV is an associate of Changre Group and is principally engaged in the provision of heat supply, construction, maintenance and distribution services to the automobile development zone in Changchun City.

New Model Pipes is a company established in the PRC and is owned by Changre Group as to 35%, Changchun Yude Pipes Co., Ltd.* (長春禹德管業有限公司) as to 33%, Jilin Province Xinda Investment Co., Ltd.* (吉林省新達投資有限公司) as to 24.5% and Langfang Huayu Tianchuang Energy Equipment Co., Ltd.* (廊坊華宇天創能源設備有限公司) as to 7.5%. Changchun Yude Pipes Co., Ltd.* (長春禹德管業有限公司) is a company owned by Liu Lizhi (劉立志), an Independent Third Party, as to approximately 90.9%. Jilin Province Xinda Investment Co., Ltd.* (吉林省新達投資有限公司) is a company owned as to approximately 47.7% by Jilin Ruiwen Investment Consulting Partnership (Limited Partnership) (吉林睿文投資諮詢合夥企業) (有限合夥), 29.1% by Changre Group and 23.2% by Shiwei Investment Holding Co., Ltd.* (世為投資控股有限公司). Langfang Huayu Tianchuang Energy Equipment Co., Ltd.* (廊坊華宇天創能源設備有限公司) is owned by four Independent Third Parties, namely Duan Wenyu (段文宇), Li Yunhui (李雲輝), Duan Wenhui (段文暉) and Duan Shufeng (段書峰) as to approximately 59.9%, 24.1%, 15.5% and 0.5%, respectively. New Model Pipes is an associate of Changre Group and is principally engaged in pipeline manufacturing.

* *For identification purpose only*

3. Principal terms of the Non-exempt CCT Agreements

3.1 *The 2027–2029 Heat Procurement Framework Agreement (Changre Group)*

3.1.1 *Principal terms*

Details of the 2027–2029 Heat Procurement Framework Agreement (Changre Group) are set out in the Letter from the Board. The principal terms and conditions of the 2027–2029 Heat Procurement Framework Agreement (Changre Group) are as follows:

Date:	16 October 2026
Parties:	(i) the Company (for itself and on behalf of its subsidiaries), as purchaser (ii) Changre Group (for itself and on behalf of its subsidiaries other than the Group), as supplier
Subject matter:	The Controlling Shareholder Group shall supply heat to the Group in accordance with the requirements prescribed by the Group. The Controlling Shareholder Group will enter into separate contracts with the Group in respect of the Group's orders for heat.
Term:	From 1 January 2027 to 31 December 2029 (both days inclusive)
Pricing terms and pricing policy:	The parties agree that the price at which the Group purchases heat from the Controlling Shareholder Group shall be determined by reference to the price charged by the Controlling Shareholder Group for the supply of heat to other Independent Third Party heat suppliers during the same period.

The price quoted by the Controlling Shareholder Group for the heat products supplied to the Group shall not exceed the state-prescribed price or state-recommended price for the relevant products stipulated by the PRC Government or the Jilin Provincial People's Government (where applicable). Where no state-prescribed price or state-recommended price applies to the relevant products, the quoted price shall not exceed the price charged by the Controlling Shareholder Group for the supply of heat to other Independent Third Party heat suppliers during the same period.

In determining the reasonableness of the heat fee to be charged by the Controlling Shareholder Group, the Group will take into account the following factors:

(a) the heat fee payable by the Controlling Shareholder Group to No. 2 Cogeneration plant of RMB40.5 per GJ, which is determined with reference to the Notice of the Jilin Provincial Development and Reform Commission on Regulating Ex-Factory Prices for Urban Centralized Heating across the Province* (《吉林省發展改革委關於規範全省城鎮集中供熱熱力出廠價格的通知》) published by Jilin Provincial Development and Reform Commission. It is noted that the state-prescribed price applicable to heat supplied by thermal power plants in Changchun City was adjusted to RMB40.5 per GJ in the 2024/25 heat supply period, taking into account the impact caused by the increase in coal price; and

(b) the operating cost to be incurred by the Controlling Shareholder Group in relation to the transmission of heat from No. 2 Cogeneration Plant to the Group, including but not limited to repair and maintenance, depreciation and amortisation, and other fuel and utility costs. According to the 2025 Annual Development Report on China's Urban Heating* (《中國城鎮供熱2025年度發展報告》) published by the China Urban Heating Association in August 2025, the core costs of urban heating enterprises in China primarily comprise fuel or heat procurement costs, depreciation and labor costs. For enterprises which procure heat for resale rather than generating heat via self-owned facilities, depreciation and labor costs are significantly lower, leaving heat procurement as the most predominant cost component, accounting for approximately 70% of total operating costs.

3.1.2 *Implementation of the pricing policies by the Group*

As disclosed in the Letter from the Board, currently, neither the PRC Government nor the Jilin Provincial People's Government has prescribed any state-prescribed price or state-recommended price for the heat supplied by the Controlling Shareholder Group to the Group. In determining the actual heat fee payable by the Group to the Controlling Shareholder Group, the Group will make reference to the expected heat fee as stated in the feasibility report for the Relocation (as defined below) and the heat fee charged by the Controlling Shareholder Group for supplying heat to two other heating companies to ensure that the actual heat fee per GJ charged by the Controlling Shareholder Group shall not exceed the price charged by the Controlling Shareholder Group for supplying heat to other Independent Third Party heat suppliers during the same period.

We have performed public search and were not aware of any specific state-prescribed price or state-recommended price in respect of heat supplied by coal-fired boilers in Jilin Province, nor any state-prescribed price applicable to the heat supplied by No. 2 Cogeneration Plant. Further, we have obtained the feasibility report for the Relocation (as defined below) and noted that the detailed basis of the determination of the expected heat fee of RMB57.3 per GJ was included. Please refer to the subsection headed "5.1.4 The expected heat fee of RMB57.3 per GJ" for further discussion. Besides, based on the feasibility report, a uniform price would be charged by Changre Group to the Group and the other two Independent Third Party heat suppliers.

Based on the above, we concur with the Directors' view that (i) the principle of pricing policy in determining the service fee payable for the heat supplied by the Controlling Shareholder Group is justifiable, fair and reasonable, and (ii) the terms of the 2027–2029 Heat Procurement Framework Agreement (Changre Group) are on normal commercial terms and are fair and reasonable.

3.2 ***The 2027–2029 Heat Procurement Framework Agreement (Datang JV)***

3.2.1 *Principal terms*

Details of the 2027–2029 Heat Procurement Framework Agreement (Datang JV) are set out in the Letter from the Board. The principal terms and conditions of the 2027–2029 Heat Procurement Framework Agreement (Datang JV) are as follows:

Date:	16 October 2026
Parties:	(i) the Company (for itself and on behalf of its subsidiaries), as purchaser (ii) Datang JV, as supplier
Subject matter:	Datang JV shall supply heat to the Group in accordance with the requirements prescribed by the Group. Datang JV will enter into separate contracts with the Group in respect of the Group's orders for heat.
Term:	From 1 January 2027 to 31 December 2029 (both days inclusive)
Pricing terms and pricing policy:	The parties agree that the actual heat fee payable by the Group to Datang JV shall be determined through fair negotiation between the parties as to be set out in the relevant separate contracts and on terms no less favourable than those offered to the Group by Independent Third Parties. Please refer to the paragraph headed "3.2.2 Implementation of the pricing policies by the Group" for further details.

3.2.2 *Implementation of the pricing policies by the Group*

As disclosed in the Letter from the Board, the pricing terms and pricing policies adopted by the Group for the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Datang JV) will be the same as that under the 2024–2026 Heat Procurement Framework Agreement (Datang JV), details of which are set out below.

In determining the actual heat fee per GJ payable by the Group, the parties shall make references to the relevant historical prices for heat supply and collect industry information on market price and profitability from various sources, such as state-prescribed price, state-recommended price and other similar heat service providers, and determine the heat fee based on average market profit rate or on cost-plus basis in order to ensure the fairness and reasonableness of the rate. The costs of Datang JV mainly comprise price of raw materials and auxiliary materials such as coal, water, electricity, natural gas, wages and repairs and maintenance etc.

The parties further agree that the actual heat fee per GJ charged by Datang JV shall not be higher than the state-prescribed price or state-recommended price promulgated by the PRC Government or the Jilin Provincial People's Government (where applicable). If no state-prescribed price or state-recommended price is available, the actual heat fee per GJ charged by Datang JV shall not be higher than the fair market price.

At present, there is neither state-prescribed price nor state-recommended price governing the heat supplied by Datang JV to the Group. In determining the actual heat fee per GJ charged by Datang JV, the Group will make reference to such price offered by at least 2 Independent Third Party suppliers as well as the Group's cost of heat production from coal-fired boilers (including cost of coal, water, electricity, labor and other heating materials such as calcium oxide and urea) to ensure that the price charged by Datang JV will be lower than the aforementioned comparable prices.

We understood from the Management that Xixing Energy currently owns five coal-fired boilers, four of which were constructed in 2002 and one in 2015. As the boilers are relatively antiquated, high monetary and time cost would be incurred in order for Xixing Energy to meet the environmental standards when producing heat using its own boilers. Accordingly, procurement of heat from outside suppliers would lower the environmental-related costs and the risk of being fined or penalised for non-compliance with environmental regulations. We conducted public search and noted that the State Council of the PRC published the Circular of the State Council on an Action Plan for Peaking Carbon Emissions Before 2030 in October 2021, which aimed to strengthen the energy management of new infrastructure and required to include all data of annual comprehensive energy consumption exceeding 10,000 tons of coals into the online monitoring system and to conduct reviews of energy measurement. Moreover, the Standardization Administration published Technical Specification for Energy Online Monitoring of Energy Consumption Units* (用能單位能耗在線監測技術要求).

Administrative Punishment Measures for the Ecological Environment* (生態環境行政處罰辦法) were approved by Ministry of Ecology and Environment of the PRC and took effect on 1 July 2023. In addition, we have obtained the internal memorandum prepared by Xixing Energy for each year between 2024 and 2026, and observed that assessment was made before the commencement of each heat supply period on the procurement of heat from Datang JV. The internal memorandums indicated, among others, the commercial rationale of procuring heat from Datang JV, including but not limited to (i) the prices quoted by at least two Independent Third Parties were consistently higher than those offered by Datang JV, with prices exceeding RMB90/GJ; and (ii) based on communication between the Company and the Independent Third Parties, the Independent Third Parties had no surplus heat available for sale as they need to reserve heat capacity for the development of their own service areas and were unable to provide reliable heat source guarantees, while Datang JV possessed reliable and adequate heat supply capabilities. Therefore, from the perspectives of economic efficiency and operational stability, it is considered that Datang JV is the optimal and most reliable choice and procuring heat from Datang JV is commercially justifiable and in the best interest of the Company. Moreover, we have obtained from the Management the estimation of the Group's cost of heat production, and noted that (i) the cost of heat production mainly comprised cost of coal, water, electricity, labor and other heating materials such as calcium oxide and urea; and (ii) cost of heat production in the 2026/27 heat supply period amounted to approximately RMB76.8/GJ, which is higher than the estimated unit price offered by Datang JV. Therefore, it would be more cost-efficient for the Group to procure heat from Datang JV instead. Accordingly, we consider effective internal control is in place to ensure the terms of the transactions in compliance with pricing policy under the 2027–2029 Heat Procurement Framework Agreement (Datang JV).

3.3 *The 2027–2029 Pipes Supply Framework Agreement*

3.3.1 *Principal terms*

Details of the 2027–2029 Pipes Supply Framework Agreement are set out in the Letter from the Board. The principal terms and conditions of the 2027–2029 Pipes Supply Framework Agreement are as follows:

Date:	16 October 2026
Parties:	(i) the Company (for itself and on behalf of its subsidiaries), as purchaser (ii) New Model Pipes (for itself and on behalf of its subsidiaries), as supplier
Subject matter:	New Model Pipes Group shall supply pipes for heating supply to the Group in accordance with the requirements prescribed by the Group. The Group will enter into separate implementation contracts with New Model Pipes Group in respect of each order for pipes.
Term:	From 1 January 2027 to 31 December 2029 (both days inclusive)
Pricing terms and pricing policy:	The price charged by New Model Pipes Group in respect of pipes ordered will be determined with reference to the relevant state-prescribed price. Where there is no state-prescribed price, reference will be made to the relevant state-recommended price. Where there is neither state-prescribed price nor state-recommended price, reference will be made to the regional market price of the same or comparable types of products that are offered to the Group by independent suppliers under normal commercial terms in the ordinary course of business and such price shall be no less favourable to the Group than that offered by independent suppliers to the Group.

If there is any national and/or local laws and regulations or government policies which require the parties to go through a tender process before conclusion of a contract, the parties should comply with such laws, regulations or policies and conclude such contract after completion of the tender process.

3.3.2 *Implementation of the pricing policies by the Group*

The pricing terms and pricing policies adopted by the Group for the transactions contemplated under the 2027–2029 Pipes Supply Framework Agreement will largely be the same as that under the 2024–2026 Pipes Supply Framework Agreement, details of which are set out below.

Where there is neither state-prescribed price nor state-recommended price, and the Group is required to make reference to regional market price of same or comparable types of products, the Group has adopted the following management procedures to determine the fairness and reasonableness of the price and terms offered to the Group by New Model Pipes Group:

For contracts that require a tender process:

The procurement cost will depend on the outcome of a competitive bidding process. The Group will first draft and review the relevant tender invitation documentation and ensure that the terms and conditions required for the bidders, which are set out according to the Group's requirements and the then market practice, comply with the relevant PRC laws on tenders and the internal compliance manuals of the Company. The Group's management will assess and ensure that all winning bidders comply with the terms and conditions as set out in relevant tender invitation documentation.

For contracts that do not require a tender process:

The Group will obtain quotations from at least three independent suppliers for similar products in similar quantities to determine if the price offered by New Model Pipes Group is fair and reasonable.

At present, all of the Group's procurement of pipes contracts are required to be conducted via tender process. All tenders are to be conducted in compliance with the "Tendering and Bidding Law of the PRC*" (《中華人民共和國招標投標法》), the "Regulations for the Implementation of the Tendering and Bidding Law of the PRC*" (《中華人民共和國招標投標法實施條例》) and the "Notice of the General Office of the National Development and Reform Commission on further implementing the 'Regulations on Engineering Projects which must be conducted

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via Bidding' and 'Provisions on the Scope of Infrastructure and Public Utility Projects Subject to Mandatory Bidding'*" (《國家發展改革委辦公廳關於進一步做好〈必須招標的工程項目規定〉和〈必須招標的基礎設施和公用事業項目範圍規定〉實施工作的通知》). The Company will set out the terms and conditions in the tender invitation documentation and will include a price ceiling for each bid. The price ceiling is set by the Company after taking into account the Group's historical procurement costs for the past two years, market price and prices quoted by suppliers who are Independent Third Parties.

During the tender process, each of the bidders (including New Model Pipes Group if it participates in the bidding process) will submit its tender setting out its terms and conditions for supplying pipes to the Group and will include the price of pipes intended to be charged by such bidder.

Each of the tender documents will be evaluated and assessed to choose the winning bidder. As such, the final procurement cost will depend on the outcome of a competitive bidding process and the price submitted by the bidders (including New Model Pipes Group if it has participated in the bidding process), which shall not be higher than the price ceiling set by the Company in the tender invitation documentation.

In assessing whether the pricing charged by New Model Pipes Group is fair and reasonable, we have discussed with the Management about the tender process and have reviewed five samples of tender documents and noted that (i) the materials management office would first propose a ceiling price of each type of pipes with reference to the historical prices to the planning and management department, which would then evaluate the proposed prices by comparing with market price of comparable products; (ii) in general, the list of proposed ceiling price approved by the planning and management department would be reviewed by a professional construction project management firm and a report would be issued by the firm suggesting the final price ceiling to be adopted; (iii) tender process would begin with tender invitations and each of bidders would be required to submit their tender documents together with their audited financial reports, track record contracts, qualification documents etc.; (iv) the tender agent would organize the public tender process and external experts would be appointed to assess the bidders and their tender documents submitted; and (v) the tender would be awarded to bidder with the highest comprehensive score calculated based on the assessment of the external experts.

Further, we have reviewed nine samples of historical transaction records entered into by the Group with New Model Pipes Group on the procurement of pipes for heating supply from 1 January 2024 to 31 December 2025 and noted that (i) the procurement costs for the pipes were based on the outcome of tender process; and (ii) there were internal approval documents for procurement of pipes

from New Model Pipes Group, reviewed by the material and equipment department, lawyers or risk control and compliance department, and approved by signatory department head and/or the chairman. Accordingly, we consider effective internal control is in place to ensure the terms of the transactions in compliance with pricing policy under the 2027–2029 Pipes Supply Framework Agreement.

Since the historical transaction records we have reviewed covered over 60% of the pipe procurement for FY2024 and FY2025, we considered that we have reviewed sufficient samples of historical transactions in arriving at our conclusion.

3.4 ***The 2027–2029 Construction Framework Agreement***

3.4.1 *Principal terms*

Details of the 2027–2029 Construction Framework Agreement are set out in the Letter from the Board. The principal terms and conditions of the 2027–2029 Construction Framework Agreement are as follows:

Date:	16 October 2026
Parties:	(i) the Company (for itself and on behalf of its subsidiaries), as service provider (ii) Changre Group (for itself and on behalf of its subsidiaries other than the Group), as customer
Subject matter:	The Group shall provide construction, maintenance and design services to the Controlling Shareholder Group in accordance with the requirements prescribed by the Controlling Shareholder Group and the Group's regulations.

The services will include:

(a) engineering construction services which include heating facility construction, pipeline installation, boiler installation, heat exchange station installation, heat facility maintenance and construction management;

(b) engineering maintenance services such as providing renovation, repair and replacement services for heat-supply facilities; and

(c) design services such as designing and providing consultancy and technical services for construction projects of distribution networks, heat exchange stations, as well as boiler rooms.

The Group will enter into separate implementation contracts with the Controlling Shareholder Group in respect of each project.

Term: From 1 January 2027 to 31 December 2029 (both days inclusive)

Pricing terms and pricing policy: The price charged by the Group in respect of services provided by and materials supplied by the Group to the Controlling Shareholder Group will be determined with reference to the relevant state-prescribed price. Where there is no state-prescribed price, reference will be made to the relevant state-recommended price. Where there is neither state-prescribed price nor state-recommended price, reference will be made to the regional market price of the same or comparable types of services or materials that are offered by the Group to independent customers under normal commercial terms in the ordinary course of business and such price shall be no less favourable to the Group than that offered by the Group to independent customers.

If there is any national and/or local laws and regulations or government policies which require the parties to go through a tender process before conclusion of a contract, the parties should comply with such laws, regulations or policies and conclude such contract after completion of the tender process.

3.4.2 *Implementation of the pricing policies by the Group*

The pricing terms and pricing policies adopted by the Group for the transactions contemplated under the 2027–2029 Construction Framework Agreement will largely be the same as that under the 2024–2026 Construction Framework Agreement, details of which are set out below:

(1) *Construction services and maintenance services*

According to the Letter from the Board, the Group provides its construction services and maintenance services on project basis and each project would require various types of services and raw materials.

Depending on the requirement of the individual project, the Group may be required to procure the necessary raw materials for the construction services and maintenance services as well. Hence, in addition to the service fees charged by the Group, the Group will also include the materials cost in its fee quote if the Group is required to procure the necessary raw materials.

In arriving at the final fee quote, the Group would need to aggregate the fees for each type of services and raw materials (where applicable) to be rendered under the project.

In general, the Group adopts the following pricing policies in determining the fees charged by the Group for each type of services and raw materials (where applicable):

(i) where there is a state-prescribed price, the Group must follow the state-prescribed price as required by applicable laws and regulations;

(ii) where there is no state-prescribed price but only the state-recommended price, while enterprises may choose to deviate from the state-recommended price, as part of the Group's internal policies, the Group will generally adopt the state-recommended price; and

(iii) where there is neither state-prescribed price nor state-recommended price, the Group will make reference to the regional market price of the same or comparable types of services and/or materials that are offered to independent customers by the Group under normal commercial terms in the ordinary course of business.

(a) Service fees

In determining the service fees, priority shall be given to tendering and competitive quotation procedures, and pricing may be determined with reference to the following regulations and policies, including the "Standard for Valuation of Construction Works Based on the Bill of Quantities*" (《建設工程工程量清單計價標準》) (GB/T50500-2024), the "Measures of Jilin Province for the Administration of Construction Project Costs (Provincial Government Decree No. 222)*" (《吉林省建設工程造價管理辦法(省政府令222號)》) and the Jilin Provincial Construction Project Cost Information Website* (吉林省建設工程造價信息網) (www.jlszjw.com).

(b) Raw materials price

Currently, while there is no state-prescribed price for raw materials, relevant government departments will provide state-recommended prices for certain types of raw materials from time to time. At present, the "Notice on Relevant Provisions for the Valuation of Construction Projects in Changchun City for 2022*" (《關於2022年長春市建設工程計價有關規定的通知》) published by the Changchun Urban and Rural Construction Committee* (長春市城鄉建設委員會), the Development and Reform Commission of Changchun City* (長春市發展和改革委員會) and the Finance Bureau of Changchun City* (長春市財務局) in April 2023 provides state-recommended prices for a variety of raw materials. As part of the Group's internal policies, the Group will generally adopt these state-recommended prices for raw materials when formulating the fee quote.

For raw materials where there is neither state-prescribed price nor state-recommended price, the Group will make reference to the regional market price for that type of raw materials which could be found at the raw materials price website (廣材網) (www.gldjc.com) (the "**Raw Materials Price Website**"). The Raw Materials Price Website is recognised by market players within the construction industry as a reliable online pricing information platform which contains information as to the latest regional market prices and price trends for different types of construction materials in different cities.

We have reviewed (i) the Standard for Valuation of Construction Works Based on the Bill of Quantities* (《建設工程工程量清單計價標準》) (GB/T50500-2024), which establishes a unified national technical standard for how

construction costs are calculated, priced, and managed throughout the project lifecycle; and (ii) the Measures of Jilin Province for the Administration of Construction Project Costs (Provincial Government Decree No. 222)* (《吉林省建設工程造價管理辦法(省政府令222號)》), which establishes the local legal and administrative framework for supervising cost management activities, market behaviors, and public funding compliance within Jilin Province.

We have reviewed, on a sampling basis, 18 internal project assessment records of the projects from 1 January 2024 to 31 December 2025. Such internal project assessment records include, among others, the quotation formulation working, which shows the estimation of the costs of projects such as the service fee and materials prices. Further, we also noted the Group would make reference to (i) the Jilin Province Construction Project Cost Information Website* (吉林省建設工程造價信息網) (www.jlszjw.com) (the "**Construction Cost Information Website**") for determining the price charged for construction and maintenance services; and (ii) the raw materials price website* (廣材網) (www.gldjc.com) (the "**Raw Materials Price Website**") for determining the price of raw material charged. We have visited the Construction Cost Information Website and noted the webpage contains information related to the pricing, settlement, safety and quality, and cost management etc. for construction and maintenance services. We have visited the Raw Materials Price Website and noted it is an online pricing information platform which contains information as to the latest regional market prices for construction materials.

(2) *Design services*

In determining the service fees charged by the Group for the design services to be rendered, the Group will adopt the following pricing policies:

(i) where there is a state-prescribed price, the Group must follow the state-prescribed price as required by applicable laws and regulations;

(ii) where there is no state-prescribed price but only the state-recommended price, while enterprises may choose to deviate from the state-recommended price, as part of the Group's internal policies, the Group will generally adopt the state-recommended price; and

(iii) where there is neither state-prescribed price nor state-recommended price, the Group will make reference to the regional market price of the same or comparable types of services that are offered to independent customers by the Group under normal commercial terms in the ordinary course of business.

The China Engineering & Consulting Association* (中國勘察設計協會) (the "**CECA**") formulates and updates the state-recommended prices for design services from time to time and in accordance with the Announcement on the Statistical Analysis of the Information on the Cost Elements of Municipal Engineering Design Services* (《關於市政工程設計服務成本要素信息統計分析情況的通報》) promulgated by the CECA and the Administrative Regulations on Management of the Pricing of Engineering Survey and Design* (《工程勘察設計收費管理規定》) promulgated by the State Planning Commission of the PRC* (中華人民共和國國家計劃委員會) and the Ministry of Construction of the PRC* (中華人民共和國建設部). These state-recommenced prices could be found at the website of the CECA (www.chinaeda.org.cn). As part of the Group's internal policies, the Group will in general adopt these state-recommended prices when formulating the fee quote for its design services. Based on the information currently available to the Company (including the current applicable prevailing laws and regulations), while there is no state-prescribed price for design services at present, there are state-recommended prices for all types of design services to be provided by the Group to Controlling Shareholder Group.

We have also reviewed the Administrative Regulations on Management of the Pricing of Engineering Survey and Design* (《工程勘察設計收費管理規定》) (the "**Administrative Regulations**") which recommended pricing method of engineering survey and design services. Based on public search, we noted that the Administrative Regulations was legally abolished but practically used as a market benchmark for determining prices for engineering survey and design services. Furthermore, the Guideline of Engineering Survey and Design Fee in Jilin Province* (吉林省工程勘察設計收費導則) published by the Jilin Exploration and Design Association in December 2022 also provides detailed pricing matrices based on specific engineering fields and complexities as benchmark for market players.

We have visited the website of the CECA (www.chinaeda.org.cn) (the "**Design Cost Information Website**") and noted it contains information related to the state-recommended price and regional price guidance for the type of design services the Group provides to the Controlling Shareholder Group.

In assessing whether the pricing offered by the Group to the Controlling Shareholder Group is fair and reasonable and no less favourable than those offered by the Group to independent customers, we have reviewed 24 and 10 sample historical transaction records between 1 January 2024 and 31 December 2025, covering the largest projects for FY2024 and FY2025 carried out by respective subsidiaries of the Company, which were engaged in the provision of construction and maintenance services and design services, respectively. In respect of construction services and maintenance services, we observed from the 24 sample transaction records that (i) the Group compared gross profit margin on comparable type of project to ensure that the gross profit margin of the transactions entered into would not be lower than that offered or quoted by the other Independent Third

Party for similar projects, and (ii) there were approval forms for connected transactions reviewed and confirmed by signatory subsidiaries of contracts, risk control and compliance department, and planning and management department, to ensure that the connected transactions were conducted in accordance with the Connected Transactions Management Regulations (《關連交易管理規定》). In respect of design services, we observed from the 10 sample transaction records that (i) the design fee was calculated according to a state-recommended formula, mainly determined by the total construction fees and adjusted for several coefficients based on types of construction projects and its complexity; we performed public search and noted that the pricing approach in the sample contracts is consistent with that disclosed in the Guideline of Engineering Survey and Design Fee in Jilin Province* (吉林省工程勘察設計收費導則); and (ii) there were internal approval documents for provision of design services to Changre Group, reviewed by the business planning department and legal advisors and approved by subsidiary head. Accordingly, we consider effective internal control is in place to ensure the terms of the transactions in compliance with pricing policy under the 2027–2029 Construction Framework Agreement.

Since the historical transaction records we have reviewed covered over 60% of the revenue from services provided by the Group to the Controlling Shareholder Group for FY2024 and FY2025, we considered we have reviewed sufficient samples of historical transactions in arriving at our conclusion.

4. Reasons for and benefits of entering into Non-exempt CCT Agreements

According to the Letter from the Board, the Board considers that the Non-exempt CCT Agreements will bring the following benefits to the Company:

4.1 *The 2027–2029 Heat Procurement Framework Agreement (Changre Group)*

According to the Letter from the Board, No. 2 Cogeneration Plant is expected to relocate (the "**Relocation**") to the suburb (the "**Relocated Plant**") in the 2027/28 heat supply period which begins in mid-October 2027. The distribution pipelines connecting the Relocated Plant with the Group's existing pipeline network (the "**Connecting Distribution Pipelines**") are being constructed by the Controlling Shareholder Group and will be owned by the Controlling Shareholder Group upon completion. Upon completion of the Relocation, the heat procured by the Group from No. 2 Cogeneration Plant would first need to pass through the Connecting Distribution Pipelines before entering the Group's existing pipeline network. Hence, in practice, the Controlling Shareholder Group would first procure heat from No. 2 Cogeneration Plant and then re-sell the heat to the Group.

After the Relocation, No. 2 Cogeneration Plant is still the nearest cogeneration plant to the Group's operations. Having considered the stable supply of heat by No. 2 Cogeneration Plant throughout the years, the Company expects to continue procuring heat generated from

* *For identification purpose only*

No. 2 Cogeneration Plant going forward. Accordingly, the Group is expected to commence procuring heat from the Controlling Shareholder Group under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) upon completion of the Relocation which is expected to begin in mid-October 2027. In this regard, we have discussed with the Management and noted that (i) despite there are still several major cogeneration plants in Changchun City, including but not limited to No.1, 3, 4 and 5 cogeneration plants, the No. 2 Cogeneration Plant is still the closest plant with direct alignment with the northeastern main transmission network of the Group; (ii) those other major cogeneration plants generally have limited surplus heat capacity and are unable to provide stable supply of heat to the Group; and (iii) sourcing from those other major plants would require long, circuitous cross-district pipelines across over 30 km, which would incur large capital investment and lengthy construction timeline due to a lack of existing interconnectivity.

We have obtained the feasibility report of the Relocation, and noted that there are no other cogeneration plants which are capable of supplying equivalent amount of heat to the Group as the No. 2 Cogeneration Plant does. Therefore, the Group must continue to rely on the Relocated Plant for ongoing heat supply through the Connecting Distribution Pipelines. In addition, based on public search and the feasibility report, the Relocation project has been commenced in 2025, which coincides with the information provided by the Group.

Based on the above, we concur with the Directors' view that the entering into of the 2027–2029 Heat Procurement Framework Agreement (Changre Group) is in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

4.2 ***The 2027–2029 Heat Procurement Framework Agreement (Datang JV)***

As disclosed in the Letter from the Board, Datang JV is principally engaged in the provision of heat supply, construction, maintenance and distribution services to the automobile development zone in Changchun City and Xixing Energy, a wholly-owned subsidiary of the Company, has operations in Datang JV's heat service area. Given the convenient proximity of Datang JV, Xixing Energy has been purchasing heat from Datang JV since the 2019/20 heat supply period which commenced in October 2019.

In addition, the Group's heat supply area is expected to increase by approximately 1.00 million sq.m. with effect from November 2026 (the "**New Heat Supply Area**"). The New Heat Supply Area is located in Datang JV's heat service area. In the event where the heat fee charged by Datang JV is lower than the Group's cost of heat production, it will be more beneficial and cost-efficient for the Group to procure heat from Datang JV instead. We have obtained the agreement for the transfer of heat operating right entered into between Jilin Heating Group Co., Ltd* (吉林省熱力集團有限公司) ("**Jilin Heating**") and the Group and noted that Jilin Heating agreed to transfer the exclusive heat operating right of the New Heat Supply Area to the Group in July 2026. Upon completion of the transfer of the heating

operation rights, the heating customers within the relevant service area will be taken over and progressively expanded by the Group, with the scale of the relevant business estimated at a benchmark capacity of 1.0 million sq.m.

Having considered the stable supply of heat by Datang JV, the ongoing operations of the Group and the existing pipeline network connecting Datang JV and the Group's heat supply area (i.e. Xixing Energy and the New Heat Supply Area), the Company considers that transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Datang JV) could enable the Group to procure heat in a cost-efficient manner as compared to other heat suppliers.

4.3 ***The 2027–2029 Pipes Supply Framework Agreement***

As disclosed in the Letter from the Board, pipe is one of the Group's key raw materials for its construction, maintenance and design services. Having considered the price, product quality, timely delivery and after-sales services offered by New Model Pipes Group to the Group, the Group has been purchasing pipes from New Model Pipes Group since 2017. It is expected that New Model Pipes Group will continue to participate in the Group's tender process where applicable and the Group will continue to purchase pipes from New Model Pipes Group going forward.

In 2026, pursuant to the latest national policies on ultra-long-term special treasury bond funding, support will be provided for renovation and upgrading initiatives under the "Two Major Undertakings" and "Two Renewals" programs, including projects to renovate aging pipeline networks and upgrade gas pipelines. These projects aim to eliminate safety hazards, safeguard basic livelihoods and address infrastructure shortcomings. A substantial portion of the pipeline network serving the Group's heat supply area is aging. As its service life increases, the network continues to deteriorate, giving rise to potential leakage risks. As such, the Group intends to apply for fundings to commence the aging pipeline networks renovation projects (老舊管網改造國債項目) (the "**Pipeline Renovation Projects**"). To pursue the Pipeline Renovation Projects, the Group expects there will be an increase in demand for pipes.

As discussed with the Management, the demand for heating pipes is expected to sustain as projects such as construction of new pipelines and heat grid network refitting, and regular replacement of pipeline network, equipment overhaul, and repair each year are expected to be carried out by the Group. In addition, we have performed public search and noted that the National Development and Reform Commission released a list of major projects allocating RMB216.8 billion in ultra-long special treasury bonds, with urban underground pipeline renovation explicitly designated as one of the core priority areas.

As confirmed by the Directors, as the 2027–2029 Pipes Supply Framework Agreement is entered into in the ordinary and usual course of business of the Group and on a frequent basis, it would be costly and impracticable to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules, if necessary.

Having considered (i) pipes are one of the Group's key raw materials for its construction, maintenance and design services, (ii) procurement of pipes is in the ordinary and usual course of business of the Group, (iii) the Group has been purchasing pipes from New Model Pipes Group since 2017, and thus the established business relationship is beneficial to the Group in prices and terms negotiation as well as maintaining the stability of product quality, and (iv) the price charged by New Model Pipes Group shall be no less favourable to Group than that offered by independent suppliers to the Group, we concur with the Directors' view that the terms of the 2027–2029 Pipes Supply Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

4.4 *The 2027–2029 Construction Framework Agreement*

According to the Letter from the Board, the Controlling Shareholder Group requires certain construction, maintenance and design services during its course of business. Having considered the Group's competitive strengths in heat supply construction, maintenance and design services and the quality of the Group's services (including quality control and assurance services), the Controlling Shareholder Group has been procuring construction, maintenance and design services from the Group. It is expected that the Group will continue to participate in the Controlling Shareholder Group's tender process where applicable and the Group will continue to provide construction, maintenance and design services to the Controlling Shareholder Group going forward.

Having considered (i) the services provided to the Controlling Shareholder Group are principal business of the Group; (ii) the flexibility for the Group to choose whether or not to participate in the Controlling Shareholder Group's tendering process or to provide the service; (iii) the service fee offered to the Controlling Shareholder Group is not lower than that offered or quoted to independent customers for similar construction services; (iv) the 2027–2029 Construction Framework Agreement will enable the Company to continue its capitalization on such relationship and to maintain a stable income stream with the Controlling Shareholder Group; and (v) the entering into of the 2027–2029 Construction Framework Agreement shall not restrict the Group's choice to offer the services to any other customers, we concur with the Directors' view that the entering into of the 2027–2029 Construction Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

5. Historical transaction amounts and the proposed annual caps under the Non-exempt CCT Agreements

5.1 *The 2027–2029 Heat Procurement Framework Agreement (Changre Group)*

5.1.1. *Proposed annual caps*

In arriving at the proposed annual caps, the Board considered factors including (i) the historical transaction amount of heat procured by the Group from No. 2 Cogeneration Plant, i.e. approximately 8.6 million GJ (or approximately RMB339.2 million) in

FY2024, approximately 8.8 million GJ (or approximately RMB358.4 million) in FY2025 and approximately 5.6 million GJ (or approximately RMB228.7 million) in FY2026 (up to 30 June 2026); (ii) taking into account the "Jilin Province Urban Heating Continuous Quality Improvement and Efficiency Enhancement Action Plan (2026–2028)" (the "**Urban Heating Continuous Quality Improvement and Efficiency Enhancement Action Plan**") which requires that the heating temperature be increased to 22 degrees Celsius, it is expected that the amount of heat usage will be increased by approximately 10% and the amount of heat to be procured by the Group from the Controlling Shareholder Group would also be increased by approximately 10% accordingly; (iii) the expected increase in the Group's heat supply area by approximately 5% per annum as a result of the continued expansion of the Group's business which leads to an increase in the Group's demand for heat; and (iv) the expected heat fee of RMB57.3 per GJ as stated in the feasibility report for the Relocation after taking into consideration, coal costs, long-distance transmission costs, environmental compliance costs, pipeline network losses and reasonable operating costs. The expected heat fee fully covers all costs across the heat-supply chain, and is generally in line with prevailing market prices for comparable heat sources in nearby areas with similar transmission distances. Taking into account the aforementioned factors, the Company estimates that the expected amount of heat to be procured by the Group from the Controlling Shareholder Group of approximately 4.44 million GJ in October to December 2027 upon completion of the Relocation and approximately 11.32 million GJ and 11.88 million GJ in FY2028 and FY2029, respectively.

The table below sets out the proposed annual caps for the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) for the respective periods:

	FY2027	**FY2028**	**FY2029**
	RMB'000	*RMB'000*	*RMB'000*
Proposed annual caps	260,000	650,000	680,000

5.1.2. *Historical transaction amounts*

As disclosed in the Letter from the Board, the historical transaction amounts for the transactions conducted pursuant to the 2024–2026 Heat Procurement Framework Agreement (Changre Group) were as follows:

	FY2024	**FY2025**	**FY2026 (up to 30 June 2026)**
	RMB'000	*RMB'000*	*RMB'000*
Historical transaction amounts	70,410	16,050	—
Annual caps	180,400	240,100	286,200
Utilisation rate (%)	39.0%	6.7%	—

According to the Letter from the Board, the amount of heat procured by the Group from the Controlling Shareholder Group pursuant to the 2024-2026 Heat Procurement Framework Agreement (Changre Group) was 1.38 million GJ, 0.2 million GJ and nil in FY2024, FY2025 and FY2026 (up to 30 June 2026), respectively.

According to the Letter from the Board, the utilisation rate of approximately 39.0% in FY2024 was relatively low due to the nature of the transactions that the coal-fired boilers of the Controlling Shareholder Group served as peak-shaving boilers of the Group for maintaining back-up heating capacity in the heating zone during peak periods or in emergencies. Therefore, the amount of heat to be procured by the Group from the Controlling Shareholder Group depends on numerous factors including but not limited to the weather condition, the heat supply efficiency of the Group's own boilers and any emergency situations took place during the period.

In addition, the utilization rate decreased further to 6.7% in FY2025 and 0% in 1H2026. According to the Letter from the Board, heat procured by the Group from the Controlling Shareholder Group pursuant to the 2024–2026 Heat Procurement Framework Agreement (Changre Group) mainly comprises heat produced from the coal-fired boilers and the peak-shaving boilers owned by the Controlling Shareholder Group. Since the Group acquired certain heat production assets from the Controlling Shareholder Group in 2024 and 2025, the Group's demand for heat from the Controlling Shareholder Group reduced significantly since FY2025.

5.1.3. *The expected amount of heat*

In assessing the fairness and reasonableness of the expected amount of heat to be procured by the Group from the Controlling Shareholder Group in 2027, 2028 and 2029, we have discussed with the Management and understood that (i) it is expected that a total of approximately 4.44 million GJ of heat would be procured by the Group from the Controlling Shareholder Group in October to December 2027 upon the completion of the Relocation; and (ii) it is expected that a total of approximately 11.32 million GJ and 11.88 million GJ of heat would be procured by the Group from the Controlling Shareholder Group in 2028 and 2029, respectively, representing an annual increase of approximately 5% along with the increase in heat service area.

We have obtained the "Implementation Manual for Heating Quality and Efficiency Improvement in Changchun" published by Changchun Urban and Rural Construction Committee* (長春市城鄉建設委員會) in July 2026 and noted that as stipulated in the Urban Heating Continuous Quality Improvement and Efficiency Enhancement Action Plan, in order to accelerate the resolution of persistent heating issues, such as uneven indoor temperatures, and achieve a significant reduction in the number of low-temperature users, the heating temperature in certain cities including but not limited to Changchun City is required to be increased to 22 degrees Celsius starting from the 2026/27 heat supply period. We understood from the Management that the amount of heat usage depends directly on the difference between indoor and outdoor temperature. With

an official outdoor design temperature of -23.4 degrees Celsius in Changchun City, to raise the indoor temperature from 18 degrees Celsius to 22 degrees Celsius, the amount of heat usage increased by around 10%. Therefore, the Management expected that the amount of heat to be procured by the Group would increase by 10% accordingly.

As advised by the Management, the Group expects to procure a total of approximately 4.44 million GJ of heat from October to December 2027 upon the completion of the Relocation, which was estimated based on a hypothetical annual procurement volume of heat of approximately 10.78 million GJ from the Controlling Shareholder Group assuming the Relocation is completed at the beginning of FY2027. Considering that (i) amount of heat procured by the Group from No. 2 Cogeneration Plant increased from approximately 8.1 million GJ for the year ended 31 December 2023 ("**FY2023**") to approximately 8.8 million GJ in FY2025, representing an increase at CAGR of approximately 4.3%; (ii) the hypothetical annual procurement volume of 10.78 million GJ of heat from the Controlling Shareholder Group in FY2027 was estimated based on (a) a hypothetical annual procurement volume of heat of approximately 9.8 million GJ, representing an increase at CAGR of approximately 4.8% from FY2023; and (b) the increase of heat usage of 10% resulting from the increase in indoor temperature as mention above, and (iii) the heat supply period in Jilin Province generally starts from mid-October of one year and ends in mid-April of the following year, we consider that the expected procurement amount of 4.44 million GJ from October to December 2027 is fair and reasonable.

To assess the reasonableness of the expected 5% annual growth in the heat service area in 2028 and 2029, we have reviewed the annual reports of the Company for the years ended 31 December 2024 and 2025 and noted that, the Group's heat service area increased from approximately 69.8 million sq.m. as at 31 December 2024 to approximately 72.8 million sq.m. as at 31 December 2025, representing an increase of approximately 4.3%. Furthermore, we also noted from the annual reports of the Company for the years ended 31 December 2021 to 2025 that, the Group's heat service area experienced a steady upward trend from approximately 61.8 million sq.m. as at 31 December 2021 to approximately 72.8 million sq.m. as at 31 December 2025, representing a CAGR of approximately 4.2%. Therefore, we consider the 5% annual growth in the heat service area is fair and reasonable.

Based on the above, we considered that the total expected amount of heat procured from the Controlling Shareholder Group of approximately 4.44 million GJ, 11.32 million GJ and 11.88 million GJ in FY2027, FY2028 and FY2029, respectively, is fair and reasonable.

5.1.4. *The expected heat fee of RMB57.3 per GJ*

We have discussed with the Management and understood that in determining the proposed annual caps, they have taken into account the expected heat fee of RMB57.3 per GJ as stated in the feasibility report for the Relocation. We have obtained the

feasibility report of the Relocation prepared by heat engineering consultancy firm in Jilin Province, and noted that the heat fee was estimated to be RMB57.3 per GJ, which was determined based on, among others, (i) the expected heat fee payable by the Controlling Shareholder Group to No. 2 Cogeneration Plant of RMB40.5 per GJ; and (ii) the operating cost incurred by the Controlling Shareholder Group in relation to the transmission of heat from No. 2 Cogeneration Plant to the Group including but not limited to repair and maintenance, depreciation and amortisation, and other fuel and utility costs.

We understood from the Management that the expected heat fee payable by the Controlling Shareholder Group to No. 2 Cogeneration plant of RMB40.5 per GJ was determined with reference to the Notice of the Jilin Provincial Development and Reform Commission on Regulating Ex-Factory Prices for Urban Centralized Heating across the Province* (《吉林省發展改革委關於規範全省城鎮集中供熱熱力出廠價格的通知》) (the "**Notice**") published by Jilin Provincial Development and Reform Commission. We further obtained the Notice and noted that the state-prescribed price applicable to heat supplied by thermal power plants in Changchun City was adjusted to RMB40.5 per GJ in the 2024/25 heat supply period, taking into account the impact caused by the increase in coal price. As advised by the Management, the state-prescribed price stipulated in the Notice only applies to cogeneration plants within the urban area and no longer fully applies to the Relocated Plant which will fall outside such area. Therefore, it only serves as a reference for determining the heat fee payable by the Controlling Shareholder Group to No. 2 Cogeneration Plant.

We further performed public search and noted from the 2025 Annual Development Report on China's Urban Heating* (《中國城鎮供熱2025年度發展報告》) published by the China Urban Heating Association in August 2025, that the core costs of urban heating enterprises in China primarily comprise fuel or heat procurement costs, depreciation and labor costs. For enterprises which procure heat for resale rather than generating heat via self-owned facilities, depreciation and labor costs are significantly lower, leaving heat procurement as the most predominant cost component, accounting for approximately 70% of total operating costs. Considering that expected heat fee payable by the Controlling Shareholder Group to No. 2 Cogeneration Plant of RMB40.5 per GJ represents approximately 70.7% of the estimated heat fee of RMB57.3 per GJ as stipulated in the feasibility report, we are of the view that the estimated heat fee of RMB57.3 per GJ is fair and reasonable.

Taking into account (i) the total expected amount of heat procured from the Controlling Shareholder Group of approximately 4.44 million GJ, 11.32 million GJ and 11.88 million GJ in 2027, 2028 and 2029, respectively, is fair and reasonable; and (ii) the expected unit price of heat per GJ of RMB57.3 is justifiable, we concur with the Directors' view that the proposed annual caps for heat procurement in respect of the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) are fair and reasonable.

* *For identification purpose only*

5.2 *The 2027–2029 Heat Procurement Framework Agreement (Datang JV)*

5.2.1. *Proposed annual caps*

As disclosed in the Letter from the Board, taking into account the fluctuations in raw materials for heat production, such as coal prices, in arriving at the proposed annual caps for the three years ending 31 December 2029, the Board has made reference to the average unit price of RMB71 per GJ in respect of the heat supplied by Datang JV to the Group over the past three years (i.e. the unit price per GJ of RMB78, RMB75 and RMB61 for the 2023/24, 2024/25 and 2025/26 heat supply period, respectively) as well as the expected increase in the Group's demand for heat supplied by Datang JV resulting from the Group's operations of the New Heat Supply Area with effect from November 2026. Specifically, the Company estimates that the amount of heat to be procured by the Group from Datang JV would amount to 820,000 GJ, 840,000 GJ and 860,000 GJ in FY2027, FY2028 and FY2029, respectively, among which (a) 570,000 GJ, 590,000 GJ and 610,000 GJ is expected to be attributable to the existing heat supply area in FY2027, FY2028 and FY2029, respectively; and (b) 250,000 GJ is expected to be attributable to the New Heat Supply Area in each of the three years ending 31 December 2029.

The table below sets out the proposed annual caps for the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Datang JV) for the respective periods:

	FY2027	**FY2028**	**FY2029**
	RMB'000	*RMB'000*	*RMB'000*
Proposed annual caps	59,000	60,000	62,000

5.2.2. *Historical transaction amount*

As disclosed in the Letter from the Board, the historical transaction amounts for the transactions conducted pursuant to the 2024–2026 Heat Procurement Framework Agreement (Datang JV) were as follows:

	FY2024	**FY2025**	**FY2026 (up to 30 June 2026)**
	RMB'000	*RMB'000*	*RMB'000*
Historical transaction amounts	28,920	20,570	10,628
Annual caps	33,950	34,880	35,810
Utilisation rate (%)	85.2%	59.0%	59.4% *(Note)*

Note: Utilisation rate for FY2026 (up to 30 June 2026) was calculated by dividing the historical transaction amounts for 1H2026 by half of the annual cap for FY2026, which amounted to RMB17,905,000.

As advised by the Management, the utilisation rate in FY2025 and 1H2026 was relatively lower mainly due to (i) the relatively higher average temperature in Changchun City in 2025 and 1H2026, leading to the decrease in heat usage; (ii) the reduction of heat loss as a result of the renovation of aging pipeline network; and (iii) the postponement of construction schedule of certain planned new heat service area. We have reviewed the 吉林省生態環境狀況公報 published by the Department of Ecology and Environment of Jilin Province in May 2026 and noted that the average temperature of Jilin Province increased by over 1.0 degree Celsius in 2025 as compared to historical average, which coincides with the information provided by the Management.

5.2.3. *Unit price per GJ*

In assessing the fairness and reasonableness of the proposed annual caps, we have discussed with the Management and understood that a unit price per GJ of RMB71 was adopted for determining the proposed annual caps for the three years ending 31 December 2029. The unit price per GJ of RMB71 represented the average unit price charged by Datang JV over the past three years. We have reviewed the heat supply agreement entered into by the Group and Datang JV in respect of heat supply for the 2023/24, 2024/25 and 2025/26 heat supply periods, and noted that the unit prices of heat per GJ were RMB78, RMB75 and RMB61, respectively. Considering that (i) the average unit price charged by Datang JV over the past three years amounted to approximately RMB71.3 per GJ; and (ii) the average unit price serves as a meaningful indicator for determining the proposed annual caps for the three years ending 31 December 2029, we are of the view that the adoption of the unit price of RMB71 per GJ is fair and reasonable.

5.2.4. *The amount of heat to be supplied by Datang JV*

According to the Letter from the Board, the volume of heat procured from Datang JV is expected to be 820,000 GJ, 840,000 GJ and 860,000 GJ in 2027, 2028 and 2029, respectively, among which (i) 570,000 GJ, 590,000 GJ and 610,000 GJ is expected to be attributable to the existing heat supply area in 2027, 2028 and 2029, respectively, and (ii) 250,000 GJ is expected to be attributable to the New Supply Area in each of the three years ending 31 December 2029.

In respect of the existing heat supply area, we understood from the Management that the volume of heat to be procured from Datang JV is expected to increase from approximately 530,000 GJ in 2026 to approximately 570,000 GJ, 590,000 GJ and 610,000 GJ in 2027, 2028 and 2029, respectively, after considering (i) the requirement of raising the indoor temperature from 18 degrees Celsius to 22 degrees Celsius as required by Changchun Urban and Rural Construction Committee* (長春市城鄉建設委員會) as detailed in subsection 5.1.4. "The expected heat fee of RMB57.3 per GJ" above, which is expected to increase the amount of heat usage by around 10% in 2027/28 heat supply period; (ii) the organic growth of heat supply area from approximately 3.45 million sq.m. in the 2020/21 heat supply period to approximately 3.84 million sq.m. in the 2025/26

heat supply period, representing a CAGR of approximately 2.2%; and (iii) the corresponding increase in volume of heat procured from Datang JV from approximately 440,000 GJ in 2020 to approximately 530,000 GJ in 2026, representing a CAGR of approximately 3.2%.

In respect of the New Heat Supply Area, we have obtained (i) the contracts entered into between Datang JV and Jilin Heating, the then operator of the New Heat Supply Area, and (ii) the settlement notices issued by Datang JV to Jilin Heating for 2024/25 and 2025/26 heat supply periods and noted that approximately 230,000 GJ and 210,000 GJ of heat was procured by Jilin Heating from Datang JV for the New Heat Supply Area, respectively. To ensure stable supply during extreme weather as well as to cater for the possible increase in the heat supply area, the Management estimated the volume of heat to be procured from Datang JV amounted to approximately 250,000 GJ in each of the three years ending 31 December 2029.

Considering that (i) the expected volume of heat to be procured from Datang JV of approximately 820,000 GJ; 840,000 GJ and 860,000 GJ is justifiable, and (ii) the adoption of the unit price of RMB71 per GJ is fair and reasonable, we concur with the Directors' view that the proposed annual caps for heat procurement in respect of the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Datang JV) are fair and reasonable.

5.3 ***The 2027–2029 Pipes Supply Framework Agreement***

5.3.1 *Proposed annual caps*

As disclosed in the Letter from the Board, in arriving at the annual caps, the Board considered factors including the historical transaction amounts as well as the Group's expected increase in construction requirements and demand for pipes (including pipes for the Group's construction, maintenance and design services and for the Pipeline Renovation Projects) for the three years ending 31 December 2029.

The table below sets out the proposed annual caps for the transactions contemplated under the 2027–2029 Pipes Supply Framework Agreement for the respective periods:

	FY2027	**FY2028**	**FY2029**
	RMB'000	*RMB'000*	*RMB'000*
Proposed annual caps	155,000	85,000	55,000

5.3.2 *Historical transaction amount*

As disclosed in the Letter from the Board, the historical transaction amounts for the transactions conducted pursuant to the 2024–2026 Pipes Supply Framework Agreement were as follows:

	FY2024	**FY2025**	**FY2026 (up to 30 June 2026)**
	RMB'000	*RMB'000*	*RMB'000*
Historical transaction amounts	26,490	32,150	—
Annual cap	93,430	49,430	49,430
Utilisation rate (%)	28.4%	65.0%	—

As advised by the Management, the utilisation rate of approximately 28.4% in FY2024 was relatively low due to (i) the delay of projects relating to regular replacement of pipeline network, equipment overhaul and repair, mainly as a result of the regulatory delays in obtaining municipal road-occupancy permits and mandatory excavation bans during major public events, leading to a shortfall of approximately RMB22.9 million; and (ii) the deferral of implementation of project in relation to the construction of new networked pipelines amounted to RMB44 million resulting from the availability of better alternative plan that the relocation of No. 2 Cogeneration Plant and the enhancement of existing heating capacity could already serve the same purpose of fulfilling the additional heat demand in such area. In FY2025, the utilization rate was approximately 65.0%, which was mainly attributable to unsuccessful tenders made by New Model Pipes Group for certain projects in relation to regular replacement of pipeline network.

According to the Letter from the Board, the Group's procurement of pipes contracts are conducted via tender process. During the six months ended 30 June 2026, the Group has not purchased any pipes from New Model Pipes Group in the first half of 2026, the Group procured pipes from Independent Third Parties for certain projects, while certain other projects for which New Model Pipes Group is the designated supplier are expected to commence only in the second half of 2026.

5.3.3 *Pipeline Renovation Projects*

According to the Letter from the Board, in view of the Group's aged pipeline networks, the Group intends to apply for fundings to commence certain Pipeline Renovation Projects. It is expected that the Group would procure pipes from New Model Pipes Group for three major Pipeline Renovation Projects from FY2027 to FY2029, namely (i) the pipeline renovation project for primary heating network truck pipeline in central urban area (the "**Central Urban Area Project**") with estimated construction costs of approximately RMB255 million; (ii) the pipeline renovation project for Donghui

Boiler Room in Nanguan District (the "**Donghui Boiler Room Project**") with estimated construction costs of approximately RMB117 million; and (iii) the pipeline renovation project for in-building heating network in urban area (the "**In-building Heating Network Project**") with estimated construction costs of approximately RMB419 million.

As advised by the Management, the Central Urban Area Project has commenced in FY2026 and is estimated to complete by FY2028, whereas the Group expects to incur pipe costs of approximately RMB36.5 million and RMB28.1 million in FY2027 and FY2028, respectively. To assess the reasonableness of the estimation, we have obtained (i) the feasibility report prepared by heat engineering consultancy firm in Jilin Province and noted that (a) due to severe pipeline corrosion, the existing network suffered from frequent leaks and substantial water loss, leading to excessive energy wastage and a continuous rise in repair and maintenance costs in recent years; and (b) the project is designed to eliminate these safety hazards across the primary heating network, thereby reducing energy waste, mitigating economic losses from operational failures, and ultimately enhancing transmission capacity, heating quality and efficiency; (ii) the approval of preliminary project design for the Central Urban Area Project issued by Changchun Municipal Development and Reform Commission in April 2026 and noted that the total estimated construction costs therein amounted to RMB255.4 million; and (iii) annual comprehensive plan prepared by the planning and management department and approved by the Board in March 2026 (the "**Annual Comprehensive Plan**") and noted that the construction costs of the Central Urban Area Project to be incurred in FY2026 amounted to approximately RMB39.8 million. Accordingly, the remaining construction costs are estimated to be approximately RMB215.6 million, among which approximately RMB121.8 million and RMB93.8 million would be incurred in FY2027 and FY2028, respectively. It is estimated that pipe procurement from New Model Pipes Group would account for approximately 30% of the total costs, the related pipe purchase costs are estimated at approximately RMB36.5 million for FY2027 and RMB28.1 million for FY2028.

As advised by the Management, the Donghui Boiler Room Project has commenced in FY2026 and is estimated to complete by FY2027, whereas the Group expects to incur pipe costs of approximately RMB33.2 million in FY2027. To assess the reasonableness of the estimation, we have obtained (i) the feasibility report prepared by heat engineering consultancy firm in Jilin Province and noted that (a) the renovation will in principle replace pipelines along their original alignments and diameters to meet operational requirements; and (b) the project will focus on replacing secondary network valves, trench pipes, and risers up to the individual household boundaries to optimize structural capacity; (ii) the approval of preliminary project design for the Donghui Boiler Room Project issued by Changchun Municipal Development and Reform Commission in April 2026 and noted that the total estimated construction costs therein amounted to RMB116.7 million; and (iii) the Annual Comprehensive Plan and noted that the construction costs of the Donghui Boiler Room Project to be incurred in FY2026 amounted to approximately RMB5.9 million; Accordingly, the remaining construction costs are estimated to be

approximately RMB110.8 million, with pipe procurement from New Model Pipes Group representing approximately 30% of the total costs. Consequently, the related pipe purchase costs are estimated at approximately RMB33.2 million for FY2027.

As advised by the Management, the In-building Heating Network Project is planned to commence in FY2027 and estimated to complete by FY2029, whereas the Group expects to incur pipe costs of approximately RMB82.9 million, RMB54.0 million and RMB53.9 million in FY2027, FY2028 and FY2029, respectively. To assess the reasonableness of the estimation, we have obtained (i) the feasibility report prepared by heat engineering consultancy firm in Jilin Province and noted that (a) due to severe corrosion of the pipelines, the existing network suffered from significant water loss, excessive energy wastage, and frequent operational failures within building trenches in recent years; and (b) the project will target the renovation of these high-risk internal building trench pipelines to minimize direct economic losses, reduce end-user complaints, and ensure the safe, balanced, and stable operation of the heating network; and (ii) the preliminary project design report prepared by heat engineering consultancy firm in Jilin Province and noted that the total estimated construction costs therein amounted to RMB477.3 million, among which approximately RMB207.3 million, RMB135.1 million and RMB134.9 million would be incurred in FY2027, FY2028 and FY2029, respectively. It is estimated that pipe procurement from New Model Pipes Group would account for approximately 40% of the total construction costs, the related pipe purchase costs are estimated at approximately RMB82.9 million for FY2027, RMB54.0 million for FY2028 and RMB53.9 million for FY2029.

To evaluate the reasonableness of the estimated percentages allocated to pipe procurement across the relevant projects, in particular, 30% for the Central Urban Area Project and Donghui Boiler Room Project, and 40% for the In-building Heating Network Project, we have reviewed the Management's cost estimation basis and cross-checked against the historical actual cost data of completed pipeline projects provided by the Group, and noted that (i) pipe costs for pipeline network projects similar to the Central Urban Area Project and Donghui Boiler Room Project historically ranged from approximately 43.8% to 46.0% of total project costs. As the Central Urban Area Project and Donghui Boiler Room Project are expected to incur additional municipal road excavation and restoration fees, the Management conservatively adopted a lower ratio of approximately 30% for pipe procurement relative to the total project costs; and (ii) pipe costs for in-building projects similar to the In-Building Heating Network Project historically ranged from approximately 33.3% to 46.0% of total project costs. As the In-building Heating Network Project does not incur additional external fees such as road excavation, the Management estimated the pipe procurement ratio at 40%, which falls within and is supported by the historical actual percentage range.

Considering that the Group expects to procure pipes from New Model Pipes Group with costs in aggregate amounted to approximately RMB152.7 million, RMB82.2 million and RMB53.9 million in FY2027, FY2028 and FY2029, respectively, for Pipeline

Renovation Projects, we concur with the Directors' view that the proposed annual caps for in respect of the transactions contemplated under the 2027–2029 Pipes Supply Framework Agreement are fair and reasonable.

5.4 ***The 2027–2029 Construction Framework Agreement***

5.4.1 *Proposed annual caps*

As disclosed in the Letter from the Board, in arriving at the proposed annual caps, the Board considered factors including:

(i) the historical transaction amounts, the expected construction and installation costs, design costs and material costs with reference to the latest state prescribed prices, state-recommended prices and market prices;

(ii) the schedule of potential projects which are available for the Company to participate in and to conclude contract with the Controlling Shareholder Group for each of the three years ending 31 December 2029. In particular, in addition to the regular projects such as engineering maintenance services, design services and pipe network transformation, it is expected that the Controlling Shareholder Group will apply for fundings from the ultra-long-term special treasury bonds to renovate its aging pipeline networks during the three years ending 31 December 2029, which in turn will increase the Controlling Shareholder Group's demand for construction, maintenance and design services; and

(iii) a buffer of approximately 5%–6% to cater for any possible unforeseeable circumstances such as fluctuation relating to the construction and installation costs, design costs and material costs.

The table below sets out the proposed annual caps for the transactions contemplated under the 2027–2029 Construction Framework Agreement for the respective periods:

	FY2027	**FY2028**	**FY2029**
	RMB'000	*RMB'000*	*RMB'000*
Proposed annual caps	80,000	60,000	60,000

5.4.2 *Historical transaction amount*

As disclosed in the Letter from the Board, the historical transaction amounts for the transactions conducted pursuant to the 2024–2026 Construction Framework Agreement were as follows:

	FY2024	**FY2025**	**FY2026 (up to 30 June 2026)**
	RMB'000	*RMB'000*	*RMB'000*
Historical transaction amounts	86,990	20,090	—
Annual cap	125,300	101,300	84,300
Utilisation rate (%)	69.4%	19.8%	—

The utilisation rate of the existing annual caps was approximately 69.4% and 19.8% in FY2024 and FY2025, respectively. As advised by the Management, the progress of certain projects varied considerably from expectations as a result of various factors such as the overall industry condition and weather condition, leading to a shortfall of over RMB40 million in FY2024 and over RMB15 million in FY2025 for projects in relation to the municipal government fund granted to the Controlling Shareholder Group for transformation of old pipe network; and a shortfall of over RMB35 million in FY2025 in projects related to renovation of boiler rooms.

In addition, as advised by the Management, due to business strategic restructuring and business integration arrangement of the Group, one of the Group's subsidiaries no longer took part in electrical and instrument maintenance and repair service since FY2025, leading to a shortfall of approximately RMB25 million in the same year.

According to the Letter from the Board, during the six months ended 30 June 2026, the Group has not provided services to the Controlling Shareholder Group pursuant to the 2024–2026 Construction Framework Agreement because the Group was not awarded with the relevant contracts via the tender process and certain other projects for which the Group is the designated service provider are expected to commence only in the second half of 2026.

5.4.3 *Potential Projects*

In assessing the reasonableness of the annual caps, we have obtained from the Management a schedule of potential projects which are available for the Company to participate in and to conclude contracts with the Controlling Shareholder Group from 2027 to 2029 (the "**Schedule**"). We noted from the Schedule that there would be (i) a large-scaled construction project related to expansion of boiler rooms in order to improve heating capacity; (ii) various regular projects, including engineering maintenance services

and pipe network transformation; and (iii) project utilizing fundings from the ultra-long-term special treasury bonds to renovate the Controlling Shareholder Group's aging pipeline networks.

(i) Large-scaled construction project related to expansion of boiler rooms

As advised by the Management, the Controlling Shareholder Group planned to improve the heating capacity of the Yuegong Boiler Room in Tumen City by constructing a 70 megawatt ("**MW**") new hot water boiler room on the east side of the existing 91MW hot water boiler room (the "**Tumen Project**"). The new boiler room will be equipped with environmental protection facilities designed in accordance with ultra-low emission standards.

Further, we understood from the Management that the Tumen Project is currently undergoing registration and relevant regulatory compliance procedures, following which a tendering process will be conducted by the Controlling Shareholder Group. The Group intends to participate in the competitive bidding for the Tumen Project and expects the total contract value will amount to approximately RMB50 million. We have obtained the Jilin Province Enterprise Investment Project Filing Information Registration Form for the said project to verify its current regulatory status and noted that the information is consistent with the information provided by the Group.

In addition, we have obtained the feasibility report prepared by heat engineering consultancy firm in Jilin Province and noted that (i) the Tumen Project constitutes a centralized heating boiler room expansion engineering within the primary urban area of Tumen City, serving as an important component of the Tumen City Central Urban Area Heating Special Plan (2017–2030)* (《圖們市中心城區供熱專項規劃 (2017–2030)》); (ii) construction work of the Tumen Project is expected to commence in FY2027 and completed in the same year; and (iii) total estimated contract value of the Tumen Project amounted to approximately RMB81 million, which includes purchase costs of fixed assets, cost of working capital and cost of various construction work.

As advised by the Management, taking into account the Group's capacity, the nature and complexity of construction work in which the Group is capable to take part in, it is expected that the Group will be able to secure certain portion of construction work of the Tumen Project with estimated contract value of approximately RMB50 million in FY2027.

(ii) Regular projects

We understood from the Management that the Group has been providing engineering construction services, engineering maintenance services, and design services to existing heating facilities of Controlling Shareholder Group regularly,

and it is estimated that similar level of regular services would be provided to the Controlling Shareholder Group in 2027 to 2029, which are expected to contribute approximately RMB26.2 million, RMB26.4 million and RMB26.4 million in FY2027, FY2028 and FY2029, respectively. We obtained a full list of regular projects in respect of construction, maintenance, and design services conducted in 2026 between the Group and the Controlling Shareholder Group and observed that the regular projects mainly include (i) modification and emergency repair of the core heating pipeline network; (ii) renewal of heating pipeline networks and valves at building terminal; (iii) overhaul and safety upgrades of core equipment at heating plants and boiler rooms; and (iv) civil engineering and improvement works for office and production supporting facilities. Such regular projects are expected to contribute, in aggregate, over RMB23 million in FY2026. We have obtained samples of budget forms and contracts in relation to such regular projects in FY2026 and noted that (i) the aims and reasons for each project were included in the budget forms, the majority of which were to address issues such as pipeline aging and severe corrosion, to reduce heat loss and to ensure heat supply quality; and (ii) the information in the budget forms and contracts was in line with the information provided by the Group. Considering the regular nature of the engineering construction services provided to the Controlling Shareholder Group, we are of the view that the estimation made by the Management in relation to such regular projects is fair and reasonable.

(iii) Projects utilizing fundings from the ultra-long-term special treasury bonds

As advised by the management, renovation of aging heating distribution networks and the upgrading of station equipment fall under the nation's key livelihood infrastructure initiatives within the "Two Major Undertakings" and "Two Renewals" programs, receiving targeted support from ultra-long-term special treasury bond funds. Furthermore, the Urban Heating Continuous Quality Improvement and Efficiency Enhancement Action Plan clearly defines the required renovation mandates where the specialized projects would be centrally coordinated by Changre Group. Therefore, it is expected that specialized projects funded by the ultra-long-term special treasury bonds in relation to the renovation of aging heating distribution networks would be available for the Group to participate in, which are expected to contribute RMB30 million in each of the two years ending 31 December 2029.

We have obtained the feasibility report for project in relation to the primary heating network renovation and construction of boiler rooms for Changre Group and noted that (i) the project mainly includes the upgrading and replacement of outdoor directly-buried pipe networks, valves, valve chambers, and expansion joints; (ii) due to severe pipeline corrosion and substantial water loss, energy consumption metrics have exceeded target standards. Frequent repairs and emergency maintenance have caused increasing economic losses year by year,

while severely impairing heating quality and heat user satisfaction; (iii) the project aims to guarantee the safe, balanced, and stable operation of the heating network, simultaneously upgrade the carrying capacity and service quality of heating infrastructure, advance energy-saving and emission-reduction efforts, and accelerate the adoption of environmentally friendly, energy-efficient, and high-performance heating technologies; (iv) the project is expected to commence in 2028 and complete in 2030; and (v) the total contract value of the project is estimated to be approximately RMB151 million, among which approximately RMB32 million and RMB48 million is expected to be incurred in FY2028 and FY2029, respectively. Taking into account the Group's capacity, the nature and complexity of construction work in which the Group is capable to take part in, it is expected that the Group will be able to secure certain portion of construction work with estimated contract value of approximately RMB30 million in each of the two years ending 31 December 2029.

Since (i) the Tumen Project is expected to contribute approximately RMB51.8 million in FY2027; (ii) the regular projects are expected to contribute approximately RMB24.4 million, RMB26.4 million and RMB26.4 million in FY2027, FY2028 and FY2029, respectively, and (iii) the projects utilizing fundings from the ultra-long-term special treasury bonds are expected to contribute approximately RMB30 million in each of the two years ending 31 December 2029, the total service fees generated from such projects would be amounted to approximately RMB76.2 million, RMB56.4 million, and RMB56.4 million in FY2027, FY2028, and FY2029, respectively.

5.4.4 *Buffer*

We understood from the Management that in determining the proposed annual caps, a buffer of approximately 5%–6% has been taken into account in order to cater for any possible unforeseeable circumstances.

We have reviewed Measures for the Administration of Bidding and Tendering of Housing Construction and Municipal Infrastructure Projects in Jilin Province* (《吉林省房屋建築和市政基礎設施工程項目招標投標管理辦法》) published by the Jilin Provincial Government. We noted the processing time between the publication of tender results and entering into relevant contracts shall be within 30 days. Thus, if the proposed annual caps are insufficient, the Group will not be able to participate in such projects due to the timing required for refreshing the annual caps will exceed 30 days, including but not limited to obtaining the Independent Shareholders' approval and other necessary steps to ensure compliance with the Listing Rules will take more than 30 days to accomplish. As such, we concur with the Management that the annual caps shall be proposed in order to allow more flexibility for the Group to cater for circumstances when any sizeable projects may be available for tender, so that the Company would not need to seek Independent Shareholders'

approval before participating in tendering such project due to insufficient annual caps, which may cause the Company to fail to respond quickly to any business opportunities. We consider the buffer applied by the Management is acceptable.

As advised by the Management, the Group is at its own discretion to decide whether to take up and/or submit tenders for projects of the Controlling Shareholder Group and shall take up and/or submit tender for projects only after preliminary internal assessment.

Having taken into account (i) the total estimated service fees generated from projects included in the Schedule would be amounted to approximately RMB76.2 million, RMB56.4 million, and RMB56.4 million in FY2027, FY2028, and FY2029, respectively; (ii) the buffer of approximately 5%–6% would provide flexibility to the Company to cater for circumstances when any sizeable projects may be available for tender; (iii) the Management shall continue to develop the Group's construction business under the Group's strategy and, subject to successful tender, seek to provide construction services to the Controlling Shareholder Group on its projects; and (iv) the Group is at its own discretion to decide whether to participate in tendering process and/or to provide services for these projects of the Controlling Shareholder Group, we consider that the basis for the annual caps to be fair and reasonable.

6. Internal control measures

As stated in the Letter from the Board, the Group has adopted the following internal control measures over the Continuing Connected Transactions:

(i) the Company has adopted the Connected Transactions Management Regulations (《關連交易管理規定》) which provides that all connected transactions (including the transactions contemplated under the Non-exempt CCT Agreements) shall comply with the relevant Listing Rules' requirements and the Connected Transactions Management Regulations, including but not limited to (a) the transactions must be conducted on normal commercial terms or better and the terms are no less favourable to the Group than terms available to independent customers by the Group; (b) the transactions are carried out in accordance with the Company's pricing policies and the terms of the relevant Non-exempt CCT Agreement;

(ii) in respect of the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) and the 2027–2029 Heat Procurement Framework Agreement (Datang JV), the Group will closely monitor the actual unit price per GJ of heat supplied by the Controlling Shareholder Group or Datang JV (as appropriate) by adopting the procedures set out in this circular. In addition, the Group will compare operating costs with that offered by the Controlling Shareholder Group or Datang JV (as appropriate). In the event where the price offered by Independent Third Parties to the Group are more favourable to the Group than that offered by the Controlling Shareholder Group or Datang JV (as appropriate), the Group will purchase heat from such Independent Third Parties instead given the Group's primary pipeline

network is also connected with the pipeline network of certain Independent Third Parties. The Directors are of the view that the aforementioned methods and procedures would enable the Company to ensure that the transactions contemplated under the 2027–2029 Heat Procurement Framework Agreement (Changre Group) and the 2027–2029 Heat Procurement Framework Agreement (Datang JV) will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders;

(iii) in respect of the transactions contemplated under the 2027–2029 Construction Framework Agreement:

(1) ***for contracts that require a tender process*** — prior to submitting the bidding documents to the Controlling Shareholder Group, the Company's tender team will review the bidding documents to ensure that (i) the tender documents are prepared in accordance with applicable laws and regulations and the Controlling Shareholder Group's requirements; (ii) the quoted prices comply with the Group's pricing policies as stated above; (iii) the transactions are carried out in accordance with the 2027–2029 Construction Framework Agreement; and (iv) the transactions are conducted on normal commercial terms or better and the service fees and materials prices (where applicable) offered in the bidding documents is not lower than those offered or quoted to independent customers for similar services. Since every project is unique and not identical, the Group will compare the fee quote provided to the Controlling Shareholder Group with at least one recent fee quote provided to independent customers to ensure that the fee quoted in the bidding documents is not lower than those offered or quoted to independent customers for similar projects. The Company considers that comparison with only one fee quote is sufficient given most of the services and/or materials provided by the Group are subject to state-prescribed prices or state-recommended prices and that regional market price serves as a more up-to-date benchmark given the volatility in materials prices;

(2) ***for contracts that do not require a tender process*** — prior to providing the fee quotations to the Controlling Shareholder Group, the accounting department (核算部) of the relevant subsidiary will review the fee quotations to ensure that (i) the quoted prices comply with the Group's pricing policies as stated above; (ii) the transactions are carried out in accordance with the 2027–2029 Construction Framework Agreement; and (iii) the transactions are conducted on normal commercial terms or better and the service fees and materials prices (where applicable) offered to the Controlling Shareholder Group is not lower than those offered or quoted to independent customers for similar services. Since every project is unique and not identical, the Group will compare the fee quote provided to the Controlling Shareholder Group with at least one recent fee quote provided to independent customers to ensure that the fee quoted in the quotation documents is not lower than those offered or quoted to independent customers for similar projects. The Company considers that comparison with only one fee quote is sufficient given most of the services and/or materials provided by the Group are

subject to state-prescribed prices or state-recommended prices and that regional market price serves as a more up-to-date benchmark given the volatility in materials prices;

(iv) the Company's planning and management department will closely monitor the total transaction amount to ensure that the respective proposed annual caps in respect of the each of the Continuing Connected Transactions will not be exceeded;

(v) the Company's planning and management department shall prepare reports containing total transaction amount under each of the Non-exempt CCT Agreements on a monthly basis and submit such reports to the Company's internal control audit department on a quarterly basis;

(vi) based on the reports prepared by the Company's planning and management department, the Company's internal control audit department shall conduct quarterly reviews on the Company's subsidiaries to ensure that (a) the subsidiaries have complied with the Company's Connected Transactions Management Regulations; (b) the transactions contemplated under each of the Non-exempt CCT Agreements are conducted on normal commercial terms or better and the terms are no less favourable to the Group than terms available to independent customers by the Group; and (c) the transactions are carried out in accordance with the Company's pricing policies and the terms of the relevant Non-exempt CCT Agreement. The Company's internal control audit department shall report on its findings relating to the Continuing Connected Transactions to the Company's management on a quarterly basis;

(vii) the Company's external auditors will review the Continuing Connected Transactions annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded; and

(viii) the independent non-executive Directors will review the Continuing Connected Transactions annually to check and confirm whether such Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such Continuing Connected Transactions were conducted in accordance with the pricing policies set out in such relevant agreements.

In assessing the effectiveness of the Company's internal control in place, we have reviewed the following:

(i) the Connected Transactions Management Regulations (《關連交易管理規定》) adopted by the Company and noted that clear procedures and measures are stipulated, which would ensure that (a) the transactions must be conducted on normal commercial terms or better and the terms are no less favourable to the

Group than terms available to independent customers by the Group; and (b) the transactions are carried out in accordance with the Company's pricing policies and the terms of the relevant Non-exempt CCT Agreement;

(ii) all monthly reports available from 1 January 2024 to 30 June 2026, prepared by the planning and management department submitted to the Company's internal control audit department, and all quarterly reports available from 1 January 2024 to 30 June 2026 prepared by the internal control department, in which the total transaction amount under the 2024–2026 framework agreements was compared against the annual caps to ensure that the transaction amount would not exceed the respective annual caps. It is noted that the required internal control procedures were properly followed;

(iii) the external auditors' letters to the Board regarding the continuing connected transactions for the two years ended 31 December 2025 and noted that (a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors; (b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company; (c) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) with respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value as set by the Company;

(iv) the board minutes of the Company and noted the independent non-executive Directors had reviewed the historical continuing connected transactions in relation to the 2024–2026 framework agreements, and confirmed such continuing connected transactions were (a) in the ordinary and usual course of business of the Group; (b) on normal or better commercial terms which are not less favourable to the Group than terms offered by Independent Third Parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and

(v) the Company's internal assessment on the fairness and reasonableness of the pricing and approval documents as discussed in the section headed "implementation of the pricing policies by the Group" in respect of the Non-exempt CCT Agreements and noted that the historical transactions in the samples we obtained were carried out in accordance with the relevant policies.

Having considered that (i) the Company has adopted the Connected Transactions Management Regulations (《關連交易管理規定》) which provides that all connected transactions (including the transactions contemplated under the Non-exempt CCT Agreements) shall comply with the relevant Listing Rules' requirements and the Connected Transactions Management Regulations; (ii) a monitoring system is in place with the planning and management department of the Group ensuring that the annual caps are not exceeded from time to time and effective internal control is in place to ensure the terms of the transactions in compliance with applicable pricing policies; (iii) the reports containing total transaction amount under the Non-exempt CCT Agreements will be submitted to the Management on a quarterly basis; and (iv) the transactions contemplated under the Non-exempt CCT Agreements will be annually reviewed by the independent non-executive Directors and the external auditors of the Company, we are of the view that the internal control measures are adequate and effective in ensuring the transactions contemplated under Non-exempt CCT Agreements will be entered into on normal commercial terms and there is an effective system in place to monitor the annual caps.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that (i) each of the Non-exempt CCT Agreements is in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions for approving each of the Non-exempt CCT Agreements (together with the relevant proposed annual caps) and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Giraffe Capital Limited
Johnson Chen
Managing Director

Mr. Johnson Chen is a licensed person registered with the Securities and Futures Commission and a responsible officer of Giraffe Capital Limited to carry out Type 6 (advising on corporate finance) regulated activities and to undertake work as a sponsor. He has over 18 years of experience in the field of corporate finance advisory.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Interests of Directors and chief executive

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(ii) Interests of substantial Shareholders

As at the Latest Practicable Date, to the knowledge of the Directors, the persons (other than a Director or chief executive of the Company) who have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Type of Shares	Capacity	Number of Shares/ underlying Shares held (*Note 3*)	Percentage of relevant class of share capital (*Note 4*)	Percentage of total share capital (*Note 5*)
Changre Group	Domestic Shares	Beneficial owner	325,500,000 (L)	93.00%	69.75%
Changchun State-owned Operation Group Co., Ltd.* (長春市國有資本運營集團有限責任公司) (formerly known as Changchun State-owned Capital Investment Operation (Group) Co., Ltd.* (長春市國有資本投資運營(集團)有限公司))	Domestic Shares	Beneficial owner	24,500,000 (L)	7.00%	5.25%

Name of Shareholders	Type of Shares	Capacity	Number of Shares/ underlying Shares held (*Note 3*)	Percentage of relevant class of share capital (*Note 4*)	Percentage of total share capital (*Note 5*)
China Foreign Economic and Trade Trust Co., Ltd. (中國對外經濟貿易信托有限公司) *(Note 1)*	H Shares	Trustee	31,545,000 (L)	27.03%	6.76%
Changchun Heating Construction and Installation Co., Ltd.* (長春市供熱建築安裝有限責任公司) *(Note 2)*	H Shares	Beneficiary of a trust (other than a discretionary interest)	17,090,000 (L)	14.64%	3.66%

Notes:

(1) China Foreign Economic and Trade Trust Co., Ltd. is the trustee of SCBCN — Foreign Economy and Trade Trust Co., Ltd-Fotic Wuxingbaichuan No. 37 Unitrust.

(2) Changchun Heating Construction and Installation Co., Ltd.* is the beneficiary of China Credit Trust — Chengxin Overseas Allocation No. 211 Entrusted Overseas Wealth Management Single Fund Trust.

(3) (L) denotes the relevant person's long position in such Shares.

(4) Based on 350,000,000 Domestic Shares or 116,700,000 H Shares of the Company in issue as at the Latest Practicable Date.

(5) Based on the total issued share capital of the Company of 466,700,000 Shares as at the Latest Practicable Date.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, there was no other person who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which is not determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation.

4. QUALIFICATIONS AND CONSENTS OF EXPERT

The following is the qualifications of the expert who has been named in this circular or has given opinions, letters or advice contained in this circular:

Name	Qualification
Giraffe Capital Limited	A licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activities

The above expert has given and has not withdrawn its written consent to the issue of this circular with inclusion herein of its letter or report and/or reference to its name, in the form and context in which they appear.

As at the Latest Practicable Date, the above expert did not have any interest in the share capital of any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which have been, since 31 December 2025, being the date to which the latest published audited combined financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

As at the Latest Practicable Date, the above expert was not materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, the following Director was considered to have interests in a business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group:

Name of Director	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Mr. Song Chi	Changre Group	Heat supply	Party secretary and chairman

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive nor their respective close associates had any interests in a business, which competed or was likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

6. NO MATERIAL ADVERSE CHANGE

So far as is known to the Directors, as at the Latest Practicable Date, the Directors confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited combined financial statements of the Group were made up.

7. INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

So far as is known to the Directors, as at the Latest Practicable Date, none of the Directors or chief executive had any interest, direct or indirect, in any assets which have been, since 31 December 2025, being the date to which the latest published audited combined financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

None of the Directors or chief executive was materially interested in any contract or arrangement subsisting as at the date of this circular which was significant in relation to the business of the Group.

8. GENERAL

(a) The registered office of the Company is at No. 28, Block B Nanhu Road Community No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, PRC.

(b) The principal place of business of the Company in Hong Kong is at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(c) The H share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.cc-tp.com.cn) for a period of not less than 14 days and from the date of this circular up to and including the date of the EGM:

(a) the 2027–2029 Heat Procurement Framework Agreement (Changre Group);

(b) the 2027–2029 Heat Procurement Framework Agreement (Datang JV);

(c) the 2027–2029 Pipes Supply Framework Agreement; and

(d) the 2027–2029 Construction Framework Agreement.

Jilin Province Chuncheng Heating Company Limited*

吉林省春城熱力股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock code: 1853)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2026

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting of 2026 (the "**EGM**") of Jilin Province Chuncheng Heating Company Limited* (the "**Company**") will be held at Conference Room 711, Chuncheng Heating, No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, the PRC, at 9 a.m. on Friday, 4 December 2026, for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the 2027–2029 Heat Procurement Framework Agreement (Changre Group) entered into between the Company (for itself and on behalf of its subsidiaries) and Changre Group (for itself and on behalf of its subsidiaries other than the Group) and the transactions contemplated thereunder (including the proposed annual caps).

2. To consider and approve the 2027–2029 Heat Procurement Framework Agreement (Datang JV) entered into between the Company (for itself and on behalf of its subsidiaries) and Datang JV and the transactions contemplated thereunder (including the proposed annual caps).

3. To consider and approve the 2027–2029 Pipes Supply Framework Agreement entered into between the Company (for itself and on behalf of its subsidiaries) and New Model Pipes (for itself and on behalf of its subsidiaries) and the transactions contemplated thereunder (including the proposed annual caps).

* *For identification purposes only*

4. To consider and approve the 2027–2029 Construction Framework Agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Changre Group (for itself and on behalf of its subsidiaries other than the Group) and the transactions contemplated thereunder (including the proposed annual caps).

By order of the Board
Jilin Province Chuncheng Heating Company Limited*
Song Chi
Chairman

Jilin, the PRC, 13 November 2026

Notes:

1. The register of members of the Company will be closed from Tuesday, 1 December 2026 to Friday, 4 December 2026 (both days inclusive), during which period no transfer of Shares of the Company can be registered. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Friday, 4 December 2026. Shareholders who wish to attend and vote at the EGM must lodge all transfer documents accompanied by the relevant share certificates to (in case of H Shareholders) the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, or (in case of Domestic Shareholders) the head office of the Company in the PRC, No. 28, Block B, Nanhu Road Community, No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, the PRC no later than 4:30 p.m. on Monday, 30 November 2026.

2. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalf. A proxy needs not to be a Shareholder.

3. In order to be valid, the proxy form of Shareholders for the EGM must be deposited by hand or by post to (in case of H Shareholders) the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, or (in case of Domestic Shareholders) the head office of the Company in the PRC, No. 28, Block B, Nanhu Road Community, No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, the PRC not less than 24 hours before the time for holding the EGM or any adjournment thereof for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meetings thereof should they so wish.

4. Shareholders or their proxies shall provide their identification documents when attending the EGM. In case of a corporate Shareholder, its proxy or other person authorized to attend the meeting with a resolution passed by the board of directors or other decision-making authorities of which the Shareholder is a member, should provide a copy of such resolution.

5. In case of joint holders, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s) and for this purpose seniority will be determined by the order in which the names stand on the register of members of the Company in respect of the joint shareholding.

6. The on-site EGM is expected to take less than half a day. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.

7. The address of the head office of the Company in the PRC is No. 28, Block B Nanhu Road Community, No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, the PRC.

8. Unless otherwise defined, capitalized terms used in this notice shall have the same meaning as those defined in the Company's circular dated 13 November 2026.

As at the date of this notice, the non-executive Directors of the Company are Mr. Song Chi (Chairman), Mr. Yang Zhongshi and Mr. Shi Mingjun; the executive Director is Mr. Zhang Liming; the independent non-executive Directors are Ms. Zhang Yan, Ms. Du Jie and Mr. Chan Sing Fai; and the employee Director is Mr. Qiu Jianhua.